

SCHOOL DISTRICT

OF

BELMAR



**BELMAR BOARD OF EDUCATION
BELMAR, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

BELMAR BOARD OF EDUCATION

BELMAR, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

PREPARED BY

**BELMAR BOARD OF EDUCATION
BUSINESS ADMINISTRATOR/BOARD SECRETARY
LORETTA HILL**

BELMAR SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1 to 5.
Roster of Officials	6.
Consultants & Advisors	7.
Organizational Chart	8.
FINANCIAL SECTION	
Independent Auditor's Report	9 & 10.
Required Supplementary Information – Part I	
Management's Discussion and Analysis	11 to 17.
<u>Basic Financial Statements</u>	
A. District-wide Financial Statements	
A-1 Statement of Net Assets	18.
A-2 Statement of Activities	19 & 20.
B. Fund Financial Statements	
Governmental Funds:	
B-1 Balance Sheet	21.
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	22 & 23.
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	24.
Proprietary Funds:	
B-4 Statement of Net Assets	25.
B-5 Statement of Revenues, Expenses and Changes in Fund Net Assets	26.
B-6 Statement of Cash Flows	27.
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	28.
B-8 Statement of Changes in Fiduciary Net Assets	29.
Notes to Financial Statements	30 to 47.

BELMAR SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
Required Supplementary Information – Part II	
C. <u>Budgetary Comparison Schedules</u>	
C-1 Budgetary Comparison Schedule – General Fund	48 to 58.
C-1b Budgetary Comparison Schedule – Education Jobs Fund	59.
C-2 Budgetary Comparison Schedule – Special Revenue Fund	60.
Notes to the Required Supplementary Information	
C-3 Required Supplementary Information Budget to GAAP Reconciliation Note to RSI	61.
Other Supplementary Information	
D. <u>School Level Schedules</u>	
N/A	
E. <u>Special Revenue Fund</u>	
E-1 Combining Schedule of Revenues and Expenditures – Special Revenue Fund – Budgetary Basis	62 to 64.
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis	65.
E-3 Early Childhood Program Aid Schedule of Expenditures – Budgetary Basis	N/A
E-4 Distance Learning Network Aid Schedule of Expenditures – Budgetary Basis	N/A
E-5 Instructional Supplement Aid Schedule of Expenditures – Budgetary Basis	N/A
E-6 Schedule of Targeted At-Risk (TARA) Aid – Budgetary Basis	N/A
F. <u>Capital Projects Fund</u>	
F-1 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	N/A
F-1a Schedule of Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis, Addition to Elementary School from Inception	N/A

BELMAR SCHOOL DISTRICT

TABLE OF CONTENTS

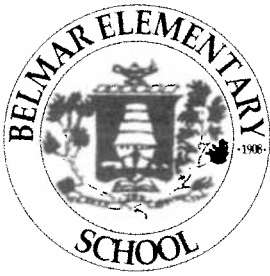
	<u>Page</u>
G. <u>Proprietary Funds</u>	
G-1 Schedule of Net Assets	N/A
G-2 Schedule of Revenues, Expenses and Changes in Fund Net Assets	N/A
G-3 Schedule of Cash Flows	N/A
H. <u>Fiduciary Fund</u>	
H-1 Combining Schedule of Fiduciary Net Assets	66.
H-2 Combining Schedules of Changes in Fiduciary Net Assets	67.
H-3 Student Activity Agency Fund – Schedule of Receipts and Disbursements	68.
H-4 Payroll Agency Fund - Schedule of Receipts and Disbursements	69.
I. <u>Long-Term Debt</u>	
I-1 Schedule of Serial Bonds	70.
I-1a Schedule of Loans Payable	71.
I-2 Schedule of Obligations Under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	72.
STATISTICAL SECTION	
(Unaudited)	
J-1 Net Assets by Component	73.
J-2 Changes in Net Assets	74 & 75.
J-3 Fund Balances, Governmental Funds	76.
J-4 Changes in Fund Balance, Governmental Funds	77.
J-5 General Fund Other Local Revenue by Source	78.
J-6 Assessed Value and Actual Value of Taxable Property	79.
J-7 Direct and Overlapping Property Tax Rates	80.
J-8 Principal Property Taxpayers	81.
J-9 Property Tax Levies and Collections	82.
J-10 Ratios of Outstanding Debt by Type	83.
J-11 Ratios of Net General Bonded Debt Outstanding	84.
J-12 Direct and Overlapping Governmental Activities Debt	85.
J-13 Legal Debt Margin Information	86.
J-14 Demographic and Economic Statistics	87.
J-15 Principal Employers	88.
J-16 Full-Time Equivalent District Employees by Function/Program	89.
J-17 Operating Statistics	90.
J-18 School Building Information	91.
J-19 Schedule of Required Maintenance for School Facilities	92.
J-20 Insurance Schedule	93.

BELMAR SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
SINGLE AUDIT SECTION	
K-1 Report on Compliance and on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	94 & 95.
K-2 Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04	96 to 98.
K-3 Schedule of Federal Financial Assistance, Schedule A	99.
K-4 Schedule of State Financial Assistance, Schedule B	100.
K-5 Notes to Schedules of Financial Assistance	101 to 103.
K-6 Schedule of Findings and Questioned Costs	104 to 108.
K-7 Summary Schedule of Prior Audit Findings	109.

INTRODUCTORY SECTION



BELMAR BOARD OF EDUCATION

1101 MAIN STREET, BELMAR, NEW JERSEY 07719

DAVID R. HALLMAN
SUPERINTENDENT /
PRINCIPAL
732-681-2388

LORETTA HILL
BUSINESS ADMINISTRATOR /
BOARD SECRETARY
732-681-8888

October 18, 2012

Honorable President and
Members of the Board of Education
Borough of Belmar School District
County of Monmouth
Belmar, New Jersey 07719

Dear Board Members:

The comprehensive annual financial report for the Belmar Borough School District for the fiscal year ending June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rest with the management of the Belmar Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the district. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the districts organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, and the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The district is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments" and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control and structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS' SERVICES - Borough of Belmar School District is an independent reporting entity within the criteria adopted by GASB as established by NCGA Statement No.3. All funds and account groups for the district are included in this report. The Belmar Board of Education and the Belmar Elementary School constitute the district's reporting entity.

*Inspired • United • Prepared
Soaring To Excellence*

The district provides a full range of educational services appropriate to grade levels Pre-K through eight. Students in grades nine through twelve are assigned by board policy to Manasquan, Asbury Park, Red Bank Regional, Marine Academy of Science and Technology, High Tech High School, Allied Health and Science Academy, Class Academy, Communications High School and the Academy High School Charter School. The district provides a comprehensive special education program for all preschool through eighth grade students. The district also provides for the educational needs of all resident students of Lake Como in grades Pre-K through eight and in the area of special education. The district completed the 2011/12 fiscal year with an average enrollment of 560, which is about the same as the previous year's average enrollment. The following details the changes in student enrollment of the district over the last ten years:

<u>Average Daily Enrollment</u>		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011/2012	556	0.7
2010/2011	560	0.2
2009/2010	559	4.8
2008/2009	533	1.9
2007/2008	523	(2.0)
2006/2007	534	(1.7)
2005/2006	543	(3.4)
2004/2005	562	1.0
2003/2004	556	(0.7)
2002/2003	562	(2.9)
2001/2002	579	(1.5)

2) ECONOMIC CONDITIONS AND OUTLOOK: Belmar is a seashore community that has been undergoing a transformation on the oceanfront. Longstanding business properties have been sold and are currently being redeveloped as single family homes. Many of these homes are valued at over two million dollars. This transition will further limit the availability of housing for low income families as the other properties in Belmar continue to increase in value exceeding what low income families can afford. Belmar has a shopping area made up of independent stores and restaurants. The town is in the process of starting a redevelopment of the downtown area and redeveloping the seaport area. Some older structures are being replaced with mixed business/residential use buildings. With the new homes being built on the oceanfront and the rise of real estate prices in the town, the tax base for the community has increased. There are no major industries located in Belmar, therefore, the majority of the residents work outside the community. The largest employers are the Board of Education and Municipal government.

3) MAJOR INITIATIVES: During the 2012/13 SY, we move into Year 2 of the district's independent reading program, Action 100, which uses a readers' workshop instructional standard grounded in a response to intervention model. This research-based literacy program differentiates instruction through leveled texts, self-selected reading, and daily individual student/teacher conferencing to ensure that all students master the

intended learning objectives. An internal leadership team, developed and trained during the past year, provides Tier 3 intervention for those students who fail to respond to in-class supports, and facilitates consistent teacher-modeling and staff development to ensure that teachers are implementing the program with fidelity. Electronic benchmarking for ELA and Math will continue to be administered three times per year to monitor student progress and assist teachers in planning for instruction.

Students will become proficient in taking the electronic assessments through a variety of digital media, including mobile devices such as ChromeBooks. In this way, the district continues to prepare itself for the transition to the PARCCC assessments, which will ultimately be delivered in an electronic format. Teachers will also receive focused staff development in utilizing a component of the program which allows teachers to create customized, common assessments. Curriculum for ELA and Math has been rewritten and aligned with the Common Core State Standards, with teachers working in professional learning communities twice per week to build out curricular frameworks of differentiated activities, resources, and meaningful technology integration.

4) INTERNAL ACCOUNTING CONTROLS: Management of the district is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonably, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits require estimates and judgments by management.

As a recipient of federal and state financial assistance, the district also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the district management.

As part of the district's single audit described earlier, tests are made to determine the adequacy of internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine the district has complied with applicable laws and regulations.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the district maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital project's fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at a year end are canceled or included as reappropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2012.

6) ACCOUNTING SYSTEM AND REPORTS: The district's accounting records reflect generally accepted accounting principles, are promulgated by the Government Accounting Standards Board (GASB). The accounting system of the district is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

7) DEBT ADMINISTRATION: As of June 30, 2012, the district's outstanding debt was \$3,205,243. The debt is comprised of four funding sources. The original funding came from the New Jersey Economic Development Authority as a loan financed through the Low Interest Loan Facilities Program at an interest rate to the district in two categories. The first loan of \$900,000 was financed through the Small Project Loan at an interest rate of 5.288% and the second loan of \$900,000 was 1.5%. The Small Project Loan was refinanced in 2005 resulting in a savings of \$37,244. The proceeds were used to provide funds for the 17,000 square foot addition to the Belmar Elementary School and other renovations to the existing building.

In July, 2003 the Board of Education retired the present value of an unfunded liability to the Teachers' Pension and Annuity fund for an early retirement incentive by issuing refunding bonds in the amount of \$540,000. The refinancing of this debt saved the district \$239,348 in interest expense. Also, bonds in the amount of \$3,370,000 were issued in August, 2003 to fund the local share of the capital project that was passed by referendum in March, 2003 and partially funded by the State of New Jersey, Economic Development Authority. The proceeds of the bonds along with the grant from the State of New Jersey was used to complete \$5,600,000 in renovations to the Belmar Elementary School. These bonds were refunded in 2012 saving the district 7.65% net present value or \$193,192 over the remaining life of the refunded bonds.

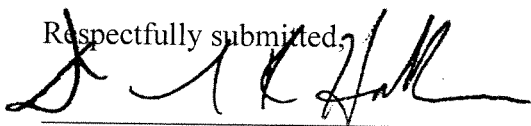
8) CASH MANAGEMENT: The investment policy of the district is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The district has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Government Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Government Units from loss of funds on deposit with a failed banking institution in New Jersey. The law requires government units to deposit public funds only in public depositories located in New Jersey, where the funds are secure in accordance with the Act.

9) RISK MANAGEMENT: The board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds.


10) OTHER INFORMATION: Independent Audit-State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart & Company, CPAs and Registered Municipal Accountants conducted the annual audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit report of this report.

11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Belmar Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contribute their full support to the development and maintenance of our financial operation. Please refer to the Management's Discussion and Analysis for the Fiscal Year for a review of the financial status of the district.

Respectfully submitted,



David Hallman
Superintendent/Principal



Loretta Hill
Board Secretary/School
Business Administrator

BELMAR BOARD OF EDUCATION**BELMAR, NEW JERSEY****ROSTER OF OFFICIALS****JUNE 30, 2012**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Cherie Adams, President	2013
Mark Walsifer, Vice-President	2014
Karen Barry	2012
Richard Brand	2012
Jean Folker	2013
Mark Furey	2014
Joanne Gray	2012
Rebecca Herbert	2014
Michael Schappert	2012
Dawn Taylor (Sending district representative)	2012

Other Officials

David Hall, Superintendent/Principal

Loretta Hill, School Business Administrator/Board Secretary

Eileen F. Ertle, Treasurer of School Monies

Michael Gross, Board Attorney

BELMAR BOARD OF EDUCATION**CONSULTANT AND OFFICIALS****JUNE 30, 2012****AUDIT FIRM**

Robert A. Hulsart and Company
2807 Hurley Pond Road
P.O. Box 1409
Wall, New Jersey 07719

ATTORNEY

Michael Gross
Kenney, Gross, Kovats and Parton
130 Maple Avenue
Red Bank, N.J. 07701

OFFICIAL DEPOSITORIES

Ocean First Bank
Sovereign Bank

INSURERS

Boynton and Boynton
P.O. Box 887
Red Bank, New Jersey 07701

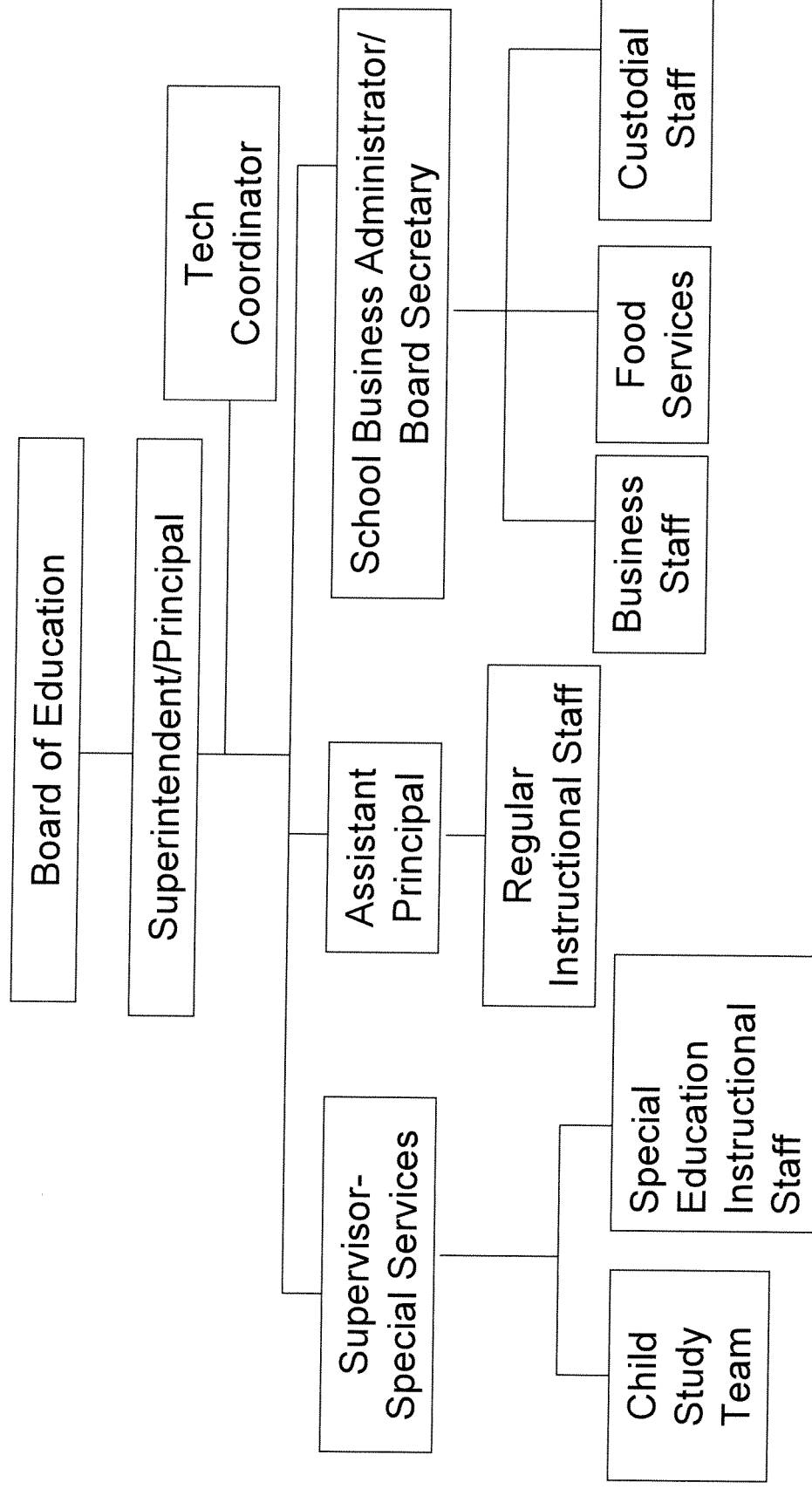
ARCHITECT

Tomaino, Tomaino, and Iamello
136 Brighton Avenue
Deal, New Jersey 07723

BELMAR BOARD OF EDUCATION

ORGANIZATIONAL CHART

(UNIT CONTROL)



adopted August 23, 2007

FINANCIAL SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)

ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.

ROBERT A. HULSART, JR., C.P.A., P.S.A.

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

Telecopier:
(732) 280-8888

e-mail:
rah@monmouth.com

2807 Hurley Pond Road • Suite 100
P.O. Box 1409
Wall, New Jersey 07719-1409
(732) 681-4990

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Belmar School District
County of Monmouth
Belmar, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Belmar School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Belmar Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Belmar Board of Education, in the County of Monmouth, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2012, on our consideration of the Belmar Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 11 through 17 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Belmar Board of Education's basic financial statements. The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company

October 18, 2012

REQUIRED SUPPLEMENTARY INFORMATION
PART I

BELMAR PUBLIC SCHOOL DISTRICT
BOROUGH OF BELMAR
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

The discussion and analysis of Belmar Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

The MD & A is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – "Basic Financial Statement - and Management's Discussion and Analysis – for State and Local Governments" issued in June 1999. The new reporting model contains necessary comparative information of the previous year.

Financial Highlights

Key Financial highlights for the 2011-2012 fiscal year are as follows:

- General revenues accounted for \$9,416,171 in revenue or 73% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$3,522,015 or 27% percent to total revenues of \$12,958,136.
- Total assets of governmental activities decreased by \$145,042 as cash and cash equivalents decreased by \$461,806, receivables increased by \$296,435 and capital assets decreased by \$310,413.
- The School District had \$12,075,542 in expenses; only \$3,522,015 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes, tuition and state aid) of \$11,258,729 plus designated surplus and withdrawals from tuition reserve and maintenance reserve of \$295,500 were adequate to provide for these programs.
- The General Fund had \$11,052,734 in revenues and \$10,905,925 in expenditures. The General Fund's balance increased \$146,809 over 2011. This increase was anticipated by the Board of Education.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Belmar Public School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a

longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Belmar Public School District, the General Fund is the most significant fund, with the Special Revenue Fund and Capital Project's Fund also having significance.

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2011-2012 fiscal year?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the school district as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental activities – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds begins with exhibit B-1. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The School District's activities are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental Fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and Governmental Funds is reconciled in the financial statements.

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2011 and 2012.

Table 1
Net Assets

	2011		2012	
Assets				
Current and Other Assets	\$	2,087,202	\$	2,223,722
Capital Assets, Met		5,785,437		5,493,882
Total Assets	\$	7,872,639	\$	7,717,604
Liabilities				
Long-Term Liabilities	\$	3,366,038	\$	3,078,161
Other Liabilities		317,789		432,561
Total Liabilities	\$	3,683,827	\$	3,510,722
Net Assets				
Invested in Capital Assets, Net of Debt	\$	2,652,213	\$	2,769,939
Restricted		1,395,164		1,532,442
Unrestricted		141,345		5,985
Total Net Assets	\$	4,188,722	\$	4,308,366

Table 2 shows the changes in net assets for fiscal year 2011 and 2012.

Table 2
Changes in Net Assets

<u>Revenues</u>	<u>2011</u>	<u>2012</u>
Program Revenues		
Charges for Services	\$ 2,257,944	\$ 2,134,896
Operating Grants and Contributions	1,473,201	1,387,119
General Revenues		
Property Taxes	7,605,168	7,674,781
Grants and Entitlements	1,426,091	1,711,499
Other	65,700	29,951
Total Revenues	<u>\$ 12,828,104</u>	<u>\$ 12,938,246</u>
<u>Program Expenses</u>		
Instruction	\$ 4,356,829	\$ 4,071,896
Support Services		
Pupils and Instructional Staff	3,940,702	4,109,443
General Administration, School		
Administration, Business Services, Unalloc.		
Benefits	2,927,120	2,948,486
Operations and Maintenance of Facilities	668,888	687,800
Pupil Transportation	430,071	426,596
Special Schools/Charter School	4,703	46,767
Interest on Debt	154,264	170,361
Food Service	250,727	244,193
Total Expenses	<u>\$ 12,733,304</u>	<u>\$ 12,705,542</u>
Increase/(Decrease) in Net Assets		\$ 232,704

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 59% percent of revenues and tuition from other school districts made up 16% of revenues for governmental activities for the Belmar Public School District for fiscal year 2012. The District's total revenues were \$12,938,246 for the fiscal year ended June 30, 2012. Federal and state grants, as well as miscellaneous revenue accounted for 13%.

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- Food service revenues exceeded expenditures by \$4,739 and for the fifth year in a row, the Board did not subsidize the food services operation. The food service program shows an increase of \$4,739 change in net assets.

- Charges for services represent \$88,797 of revenue. This represents amounts paid by patrons for daily food services.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities was \$244,193.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation and amortization.

The School District's Funds

The School District uses funds to control and manage money for particular purposes. The Fund's basic financial statements allow the School Board to demonstrate its stewardship over and accountability for resources received from the Borough of Belmar's taxpayer's and other entities, including the State of New Jersey and the Federal Government. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2012, it reported a combined net asset balance of \$4,308,366. The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

The School Board's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in the section of the CAFR, entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

The General Fund finished the fiscal year with approximately \$402,072 less in expenditures than budgeted. The General Fund generated \$104,836 more in Revenues than budgeted. The additional revenue over expenditures will be carried forward to the following year beginning fund balance. In June, 2012 the Board approved \$375,000 increase in reserves for capital projects, maintenance, and tuition for the upcoming years. The balance of unreserved surplus at July 1, 2012 is \$243,473.

Capital Assets

At June 30, 2012, the School Board had approximately \$5,493,882 invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2011 and 2012 fiscal year.

Table II

	2011	2012
Capital Assets		
<u>Governmental Activities</u>		
Land	\$ 481,300	\$ 481,300
Construction in Progress	-	-
Buildings & Machinery and Equipment	6,247,538	5,937,125
Total Governmental Activities	<u>\$ 6,728,838</u>	<u>\$ 6,418,425</u>
<u>Business Type Activities</u>		
Machinery & Equipment	\$ 19,199.00	\$ 38,057.00
Total Capital Assets	<u>\$ 6,748,037</u>	<u>\$ 6,456,482</u>

Debt Administration

At June 30, 2012, the School District had \$3,354,358 as outstanding debt. Of this amount \$149,115 is for compensated absences, \$225,243 is for loans payable, and the balance \$2,980,000 is for bonds for school construction. On March 11, 2003 the voters of the Borough of Belmar approved the renovation to the Elementary school in the amount of \$5,616,977. The state of New Jersey is funding 40% or \$2,246,791 and Bonds were issued for the remaining \$3,370,000. During 2012 the District took advantage of favorable rates and refunded these bonds for a NPV savings of 7.65%.

Economic Factors and Next Year's Budget

The Belmar Public School District is in very good financial condition presently. The Borough of Belmar is primarily a residential community, with few commercial ratables. The majority of revenues needed to operate the District is derived from homeowners through property tax assessments and collections, which is voted by the residents annually.

The district has net assets of \$4,308,366 for all governmental activities representing the accumulated results of all past years' operations. The unrestricted portion of the net assets is \$5,985. This means that if the School Board had to pay off all bills today, including all of the School Board's noncurrent liabilities such as compensated absences, the School Board would have a surplus of \$5,985. The district also has \$598,436 in capital reserve monies and \$450,000 in Tuition Reserve, \$201,005 in Emergency Reserve, and \$150,450 in Maintenance Reserve, as well as the fair market value of the capital assets.

While State Aid was increased in 2011/12, over the past four years the amount of state aid to the District has decreased significantly. In 2008/2009 the District received \$1,383,388 in State Aid. This amount decreased to \$1,018,000 in 2009/2010, \$966,613 in 2010/2011, and \$1,089,794 in 2011/12. The district supplemented the loss of state aid with surplus funds and cost savings through salary negotiations and a minimal reduction in staff. The student population has remained relatively constant over the past for years. In the future, the tax levy will be the area that will need to absorb any increase in budget obligations and that is limited to a 2% cap.

The School Board anticipates that enrollment for the 2012-2013 school year will remain stable. The School Board cannot accurately forecast future enrollment, but many school Districts in Monmouth County faced decreased enrollments over the past few years while the enrollment in Belmar has increased.

In conclusion, the Belmar Public School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact: Ms. Loretta Hill, School Business Administrator/Board Secretary at Belmar Board of Education, 1101 Main St, Belmar, NJ 07719.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

BELMAR SCHOOL DISTRICT**STATEMENT OF NET ASSETS****Exhibit A-1****JUNE 30, 2012**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 41,500	6,561	48,061
Receivables, Net	184,177	9,928	194,105
Inventory		624	624
Restricted Assets:			
Cash and Cash Equivalents	1,512,059		1,512,059
Capital Assets Not Being Depreciated	481,300		481,300
Capital Assets, Net	<u>5,455,825</u>	<u>38,057</u>	<u>5,493,882</u>
Total Assets	<u>7,674,861</u>	<u>55,170</u>	<u>7,730,031</u>
<u>Liabilities</u>			
Deferred Revenue	7,642		7,642
Accounts Payable	45,030	2,208	47,238
Noncurrent Liabilities:			
Due Within One Year	276,197		276,197
Due Beyond One Year	<u>3,078,161</u>		<u>3,078,161</u>
Total Liabilities	<u>3,407,030</u>	<u>2,208</u>	<u>3,409,238</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	2,731,882	38,057	2,769,939
Restricted For:			
Other Purposes	1,532,340		1,532,340
Unrestricted	<u>3,609</u>	<u>14,905</u>	<u>18,514</u>
Total Net Assets	<u>\$ 4,267,831</u>	<u>52,962</u>	<u>4,320,793</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BELMAR SCHOOL DISTRICTExhibit A-2
Sheet 1 of 2**STATEMENT OF ACTIVITIES****FOR THE YEAR ENDED JUNE 30, 2012**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs						
Governmental Activities:						
Instruction:						
Regular	\$ 2,480,640	2,046,099		(434,541)		(434,541)
Special Education	1,285,685		677,484	(608,201)		(608,201)
Other Special Instruction	102,740			(102,740)		(102,740)
Other Instruction	202,831			(202,831)		(202,831)
Support Services:						
Tuition	2,831,999			(2,831,999)		(2,831,999)
Student & Instruction Related Services	1,277,444		549,560	(727,884)		(727,884)
General Administrative Services	224,583			(224,583)		(224,583)
School Administrative				-		-
Services	387,154			(387,154)		(387,154)
Plant Operations and Maintenance	687,800			(687,800)		(687,800)
Pupil Transportation	426,596			(426,596)		(426,596)
Unallocated Employee Benefits	1,983,487			(1,983,487)		(1,983,487)
Unallocated Depreciation	353,262			(353,262)		(353,262)
Interest on Long-Term Debt	170,361			(170,361)		(170,361)
Special Schools	46,767			(46,767)		(46,767)
Total Government Activities	12,461,349	2,046,099	1,227,044	(9,188,206)	-	(9,188,206)
Business-Type Activities:						
Food Service	244,193	88,797	160,075		4,679	4,679
Total Business-Type Activities	244,193	88,797	160,075	-	4,679	4,679
Total Primary Government	12,705,542	2,134,896	1,387,119	(9,188,206)	4,679	(9,183,527)

The accompanying Notes to Financial Statements are an integral part of this statement.

BELMAR SCHOOL DISTRICT

Exhibit A-2
Sheet 2 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purpose, Net	7,278,080		7,278,080
Taxes Levied for Debt Service	396,701		396,701
Federal and State Aid Not Restricted	1,711,499		1,711,499
Investment Earnings and Miscellaneous Income	29,482	60	29,542
Total General Revenues, Special Items, Extraordinary Items and Transfers	9,415,762	60	9,415,822
Change in Net Assets	227,556	4,739	232,295
Adjustment for Fixed Assets and Debt			-
Net Assets - Beginning	4,027,439	48,223	4,075,662
Net Assets - Ending	\$ 4,254,995	52,962	4,307,957

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS – B

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 13,305	15,359	12,836	41,500
Restricted Cash and Cash Equivalents	1,512,059			1,512,059
Receivables, Net	146,864	37,313		184,177
Total Assets	<u>\$ 1,672,228</u>	<u>52,672</u>	<u>12,836</u>	<u>1,737,736</u>
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts Payable	\$ -	45,030		45,030
Deferred Revenue		7,642		7,642
Total Liabilities	<u>-</u>	<u>52,672</u>	<u>-</u>	<u>52,672</u>
Fund Balance:				
Restricted for:				
Designated for Subsequent				
Years Expenditures - Tuition Reserve Budgeted Withdrawal	225,000			225,000
Tuition Reserve:				
2011-2012	225,000			225,000
Maintenance Reserve	150,450			150,450
Emergency Reserve	201,005			201,005
Capital Reserve Account	598,334			598,334
Assigned to:				
Other Purposes	20,281			20,281
Designated for Subsequent Years Expenditures - BOE	112,270			112,270
Unassigned:				
General Fund	139,888			139,888
Debt Service			12,836	12,836
Total Fund Balances	<u>1,672,228</u>	<u>-</u>	<u>12,836</u>	<u>1,685,064</u>
Total Liabilities and Fund Balance	<u>\$ 1,672,228</u>	<u>52,672</u>	<u>12,836</u>	

Amounts reported for governmental activities in the Statement of Net Assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$11,441,630 and the accumulated depreciation is \$5,504,505.

5,937,125

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 3)

(3,354,358)

Net assets of governmental activities

\$ 4,267,831

The accompanying Notes to Financial Statements are an integral part of this statement.

BELMAR SCHOOL DISTRICT

Exhibit B-2
Sheet 1 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

<u>Revenues</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Local Sources:				
Local Tax Levy	\$ 7,278,080		396,701	7,674,781
Tuition Charges	2,046,099			2,046,099
Interest on Investments	3,424			3,424
Miscellaneous	13,223		12,835	26,058
Total Local Sources	9,340,826	-	409,536	9,750,362
State Sources	1,649,510	542,697		2,192,207
Federal Sources	61,989	684,347		746,336
Total Revenues	11,052,325	1,227,044	409,536	12,688,905
<u>Expenditures</u>				
Current:				
Regular Instruction	2,480,640			2,480,640
Special Education Instruction	626,545	659,140		1,285,685
Other Special Instruction	102,740			102,740
Other Instruction	202,831			202,831
Support Services and Undistributed Costs:				
Tuition	2,831,999			2,831,999
Student and Instruction Related Services	727,884	549,560		1,277,444
General Administrative Services	224,583			224,583
School Administrative Services	387,154			387,154
Plant Operations and Maintenance	687,800			687,800
Pupil Transportation	426,596			426,596
Unallocated Benefits	2,132,602			2,132,602
Debt Service:				
Principal			148,215	148,215
Interest and Other Charges			248,485	248,485
Capital Outlay	27,784			27,784
Special Schools	46,767			46,767
Total Expenditures	10,905,925	1,208,700	396,700	12,511,325

BELMAR SCHOOL DISTRICT

Exhibit B-2
Sheet 2 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	146,400	18,344	12,836	177,580
Net Change in Fund Balances	146,400	18,344	12,836	177,580
Fund Balance - July 1	1,525,828	(18,344)		1,507,484
Fund Balance - June 30	\$ 1,672,228	-	12,836	1,685,064

The accompanying Notes to Financial Statements are an integral part of this statement.

BELMAR SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit B-3

TO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2012

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$	177,580
---	----	---------

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital Outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	(353,262)	
Capital Outlays	<u>27,784</u>	(325,478)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	248,485
---	---------

In the statement of activities, certain operating expenses, e.g. compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).	149,115
---	---------

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental fund, interest is reported when due.	<u>(22,146)</u>
--	-----------------

Change in Net Assets of Governmental Activities	<u>\$</u>	<u>227,556</u>
---	-----------	----------------

The accompanying Notes to Financial Statements are an integral part of this statement.

BELMAR SCHOOL DISTRICT

25.

STATEMENT OF NET ASSETS**Exhibit B-4****PROPRIETARY FUNDS****JUNE 30, 2012**

	<u>Enterprise Fund</u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 6,561
Accounts Receivable:	
State	170
Federal	9,758
Inventories	624
Total Current Assets	<u>17,113</u>
Noncurrent Assets:	
Equipment	48,344
Less: Accumulated Depreciation	<u>(10,287)</u>
Total Noncurrent Assets	<u>38,057</u>
Total Assets	<u><u>\$ 55,170</u></u>
<u>Liabilities</u>	
Accounts Payable	<u>\$ 2,208</u>
Total Liabilities	<u><u>\$ 2,208</u></u>
<u>Net Assets</u>	
Investment in Capital Assets	\$ 38,057
Unrestricted	<u>14,905</u>
Total Net Assets	<u><u>\$ 52,962</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES AND CHANGES**Exhibit B-5****IN FUND NET ASSETS****PROPRIETARY FUNDS****JUNE 30, 2012**

	<u>Enterprise Fund</u>
Operating Revenues:	
Local Sources:	
Daily Sales Reimbursable Programs	\$ 88,797
Total Operating Revenue	<u>88,797</u>
Operating Expenses:	
Cost of Food	114,599
Salaries	89,830
Management Fee	9,000
Insurance	10,699
Cost of Supplies	10,143
Depreciation	1,744
Audit	1,000
Repairs	2,333
Miscellaneous	4,845
Total Operating Expenses	<u>244,193</u>
Operating (Loss)/Profit	(155,396)
Non-Operating Revenues:	
State Sources:	
State School Lunch Program	3,319
Federal Sources:	
National School Lunch Program	124,608
Federal Breakfast Program	18,214
Food Distribution Program	13,934
Interest Revenue	60
Total Non-Operating Revenues	<u>160,135</u>
Change in Net Assets	4,739
Net Assets, July 1	<u>48,223</u>
Net Assets, June 30	<u><u>\$ 52,962</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BELMAR SCHOOL DISTRICT

27.

STATEMENT OF CASH FLOWS**Exhibit B-6****PROPRIETARY FUNDS****JUNE 30, 2012**

	<u>Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from Daily Sales	\$ 88,797
Payments to Employees	(89,830)
Payments to Suppliers	(153,331)
Net Cash Used by Operating Activities	<u>(154,364)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	3,319
Federal Sources	142,822
Net Cash Provided by Noncapital Financing Activities	<u>146,141</u>
Cash Flows from Capital Financing Activities:	
Purchase of Equipment - Net Assets	<u>(20,602)</u>
Cash Flows from Investing Activities:	
Interest	<u>60</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(28,765)
Cash and Cash Equivalents July 1	<u>35,326</u>
Cash and Cash Equivalents June 30	<u><u>\$ 6,561</u></u>
Cash Flows from Operating Activities:	
Operating (Loss)/Profit	\$ (155,396)
Adjustments to Reconcile Operating Loss to Cash	
Provided (Used) by Operating Activities:	
Depreciation	1,744
Federal Commodities Consumed	13,934
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	(617)
Increase/(Decrease) in Accounts Payable	(14,732)
(Increase)/Decrease in Inventory	<u>703</u>
Net Cash Used by Operating Activities	<u><u>\$ (154,364)</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BELMAR SCHOOL DISTRICT**STATEMENT OF FIDUCIARY NET ASSETS****Exhibit B-7****FIDUCIARY FUNDS****JUNE 30, 2012**

	Scholarship Fund	Unemployment Compensation Trust
Assets:		
Cash and Cash Equivalents	\$ 920	67,232
Total Assets	<u>\$ 920</u>	<u>67,232</u>
Net Assets:		
Held in Trust for Unemployment Claims and Other Purposes	\$ 920	67,232
Total Net Assets	<u>\$ 920</u>	<u>67,232</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BELMAR SCHOOL DISTRICT**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**

Exhibit B-8

FIDUCIARY FUNDS**JUNE 30, 2012**

	Scholarship Fund	Unemployment Compensation Trust
<u>Additions</u>		
Contributions		
Transfer From General Fund		50,000
Other	\$ 120	8,432
Total Contributions	120	58,432
Investment Earnings:		
Interest	-	122
Net Investments Earnings	-	122
Total Additions	120	58,554
<u>Deductions</u>		
Unemployment Claims	-	80,624
Total Deductions	-	80,624
Change in Net Assets	120	(22,070)
Net Assets - Beginning of Year	800	89,302
Net Assets - End of the Year	\$ 920	67,232

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
BELMAR SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1: Summary of Significant Accounting Policies

The financial statements of the Board of Education (Board) of the Belmar School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Belmar School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Belmar School District had an approximate enrollment at June 30, 2012 of 556 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards, is whether:

- The organization is legally separate (can sue or be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial/benefit/burden on the District
- There is a fiscal dependency by the organization on the District

B. Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities such as student activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by state and federal aid, tuition and county tax levies, from business-type activities generally financed in whole or in part with fees charged to external parties.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements (Continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds. The New Jersey Department of Education (the "Department") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the county tax levy. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principles operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

D. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental Fund Types

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

Capital Projects Fund: the capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund: The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Proprietary Fund Type

Enterprise Fund: To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Fiduciary Fund Types

Agency Funds (Payroll and Student Activities Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Expendable Trust Fund: An expendable trust fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent. Expendable trust funds include Unemployment Compensation Insurance and the following scholarship funds:

Stoner Scholarship Fund

Agency Funds (Payroll and Student Activities Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

E. Basis of Accounting:

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an “accounts receivable”.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recorded in the accounting period in which they are earned and expenses are recorded at the time liabilities are incurred.

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2012 were insignificant.

The Public School Education Act of 1975, limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

G. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

NOTE 1: Summary of Significant Accounting Policies (Continued)**H. Short-Term Interfund Receivables/Payables:**

Short-Term interfund receivables/payables represents amounts that are owed, other than charges for good or services rendered to/from a particular fund in the District and that are due within one year.

I. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

J. Capital Assets and Depreciation

The District's property, buildings and improvements, equipment, vehicles, furniture and fixtures with useful lives of five years or more are stated at historical or estimated historical cost and are reported in the government-wide financial statements. Proprietary Fund capital assets are reported in its respective fund.

The District contracted with an outside service company to provide a report with a comprehensive detail of capital assets and depreciation during 2003-2004. Accumulated depreciation for fiscal year 2012, fiscal year 2012 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	20 – 50
Equipment and Vehicles	5 – 20
Furniture and Fixtures	5 – 20

Capital asset activity for the year ended June 30, 2012 was as follows:

NOTE 1: Summary of Significant Accounting Policies (Continued)J. Capital Assets and Depreciation (Continued)

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Appraisal</u> <u>Adj.</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2012</u>
Governmental Activities:					
Capital Assets that are					
Not Being Depreciated:					
Land	\$ 481,300				481,300
Total Capital Assets Not					
Being Depreciated	481,300				481,300
Site Improvements and					
Buildings	10,635,167	6,006			10,641,173
Machinery and					
Equipment	354,737	27,991		(63,571)	319,157
Totals	10,989,904	33,997		(63,571)	10,960,330
Less: Accumulated					
Depreciation for:					
Sites and Buildings	5,038,995	328,599			5,367,594
Equipment	184,671	24,663		(72,423)	136,911
Total Accumulated					
Depreciation	5,223,666	353,262		(72,423)	5,504,505
Net Depreciable Assets	5,766,238	(319,265)		8,852	5,455,825
Governmental Activities					
Capital Assets, Net	\$ 6,247,538	(319,265)		8,852	5,937,125
Business-Type Activities:					
Equipment	\$ 43,138	21,790		(16,584)	48,344
Less: Accumulated					
Depreciation for:					
Equipment	23,939	1,744		(15,396)	10,287
Business-Type Activities					
Capital Assets, Net	\$ 19,199	20,046		(1,188)	38,057

The fixed asset listing is updated each year by Acclaim inventory on-site, and assets are tagged, or deleted, as appropriate. The GASB 34 summaries are required to determine activity to be reported in the CAFR, as the additions and removals contain items for insurance purposes that are not capitalized for GASB 34 purposes.

NOTE 1: Summary of Significant Accounting Policies (Continued)

K. Accrued Salaries and Wages

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

L. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the general long-term debt account group. The current portion of the compensated absence balance is not considered material to the applicable fund total liabilities, and therefore is not shown separately from the long-term liability balance of compensated absences.

M. Deferred Revenue

Deferred revenue in the special revenue fund represents cash, which has been received but not yet earned. See note 1(e) regarding the special revenue fund.

N. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

O. Fund Equity

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Grants, entitlements, or shared revenues which are restricted for the acquisition or construction of capital assets are also recorded as contributed capital. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

NOTE 1: Summary of Significant Accounting Policies (Continued)**P. Tuition Receivable**

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

Q. Tuition Payable

Tuition charges for the fiscal year 2011-2012 was based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined. The District has elected to reserve \$225,000.00 for future tuition adjustment liabilities, which is within the 10% ceiling allowed by the Department of Education, State of New Jersey.

2011-2012 School Year	\$ 225,000
2010-2011 School Year	<u>225,000</u>
Balance June 30, 2012	450,000
To be Utilized in 2012-2013	<u>225,000</u>
Available for Future Years	<u>\$ 225,000</u>

NOTE 2: Cash and Cash Equivalents and Investments

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

Investments are stated at cost or amortized cost, which approximates market. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

NOTE 2: Cash and Cash Equivalents and Investments**Investments**

New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank of Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following two categories described below:

As of June 30, 2012, the District's deposits and investments are summarized as follows:

FDIC	\$ 250,920
GUPDA	<u>2,025,603</u>
	<u>\$ 2,276,523</u>

As of June 30, 2012, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents
Interest Bearing Checking Accounts	<u>\$ 1,656,247</u>

The carrying amount of the Board's cash, cash equivalents and investments at June 30, 2012 was \$1,656,247 and the bank balance was \$2,276,523. Of the bank balance \$250,920 was covered by federal depository insurance and \$2,025,603 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk.

The District had no uninsured deposits.

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2012, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>	<u>Long-Term Portion</u>	<u>2012-13 Payment</u>
Compensated Absences Payable	\$ 125,806	23,309		149,115	149,115	
Loans Payable	333,728		(108,485)	225,243	114,046	111,197
Bonds Payable	<u>3,155,000</u>	<u>2,490,000</u>	<u>(2,665,000)</u>	<u>2,980,000</u>	<u>2,815,000</u>	<u>165,000</u>
	<u>\$ 3,614,534</u>	<u>2,513,309</u>	<u>(2,773,485)</u>	<u>3,354,358</u>	<u>3,078,161</u>	<u>276,197</u>

A. Loans Payable

The Board has two loan program, a low-interest facilities program loan issued on August 18, 1993, and a small project program loan, also issued on August 18, 1993. The interest rates are 1.500% and 5.288%, respectively, and both loans are payable through July 13, 2013. These loans were issued by the New Jersey Economic Development Authority.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2012-2013	\$ 111,197	6,279	117,476
2013-2014	<u>114,046</u>	<u>2,118</u>	<u>116,164</u>
	<u>\$ 225,243</u>	<u>8,397</u>	<u>233,640</u>

B. Bonds Authorized But Not Issued

As of June 30, 2012, the Board had no authorized but not issued bonds.

C. Bonds Payable

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2013	\$ 165,000	95,793	260,793
2014	165,000	96,911	261,911
2015	290,000	89,688	379,688
2016	300,000	80,937	380,937
2017	305,000	70,738	375,738
2018-2022	1,450,000	200,200	1,650,200
2023	<u>305,000</u>	<u>6,100</u>	<u>311,100</u>
	<u>\$ 2,980,000</u>	<u>640,367</u>	<u>3,620,367</u>

NOTE 3: General Long-Term Debt (Continued)

Bonds issued 7/8/03 for \$540,000 at interest from 5.00% to 5.50% maturing 10/1/2017 with a balance of \$265,000 at June 30, 2012.

Bonds issued 8/1/03 for \$3,370,000 at interest from 4.15% to 4.625% maturing 8/1/2022 with a balance of \$225,000 at June 30, 2012.

Bonds Issued 2/1/12 for \$2,490,000 at interest from 2% to 4% maturing 8/1/22 with a balance of \$2,490,000 at June 30, 2012. These bonds refunded the bonds issued at 8/1/03.

NOTE 4: Pension Plans

Description of Plans – All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) – The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) – The Public Employee's Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

NOTE 4: Pension Plans (Continued)

Vesting and Benefit Provisions – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

Contribution Requirements – The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5 ½% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

<u>Year</u>	<u>Annual</u>	<u>Percentage</u>	<u>Net</u>
<u>Funding</u>	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/12	\$ 61,065	100%	\$ 0
6/30/11	64,165	100%	0
6/30/10	53,292	100%	0

NOTE 4: Pension Plans (Continued)**Three-Year Trend Information for TPAF (Paid On-Behalf of the District)**

Year	Annual Pension	Percentage of APC	Net Pension
<u>Funding</u>	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/12	\$ 373,481	100%	0
6/30/11	272,062	100%	0
6/30/10	254,190	100%	0

During the fiscal year ended June 30, 2012, the State of New Jersey contributed \$373,481 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$282,209 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenue and expenditure in accordance with GASB 24.

NOTE 5: Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

NOTE 6: Contingent Liabilities

It is the opinion of the school board officials that there is no litigation threatened or pending that would materially affect the financial position of the school district.

NOTE 7: Equity Balance

At June 30, 2012, the General Fund equity balance was as follows:

Recapitulations:	
Restricted for:	
Emergency Reserve	\$ 201,005
Maintenance Reserve	150,450
Capital Reserve	598,334
Reserve for Tuition	225,000
Designated for Subsequent Year's Expenditures –	
Tuition Reserve Budgeted Withdrawal	225,000
Committed to:	
Other Purposes	20,281
Assigned to:	
Designated for Subsequent Year's Expenditures – BOE	112,270
Unassigned	<u>243,473</u>
	<u>\$ 1,775,813</u>

Reserved for encumbrances represents outstanding purchase orders which will be rolled into the 2012-2013 budget and expended therefrom.

Reserved excess surplus represents a calculation under N.J.S.A. 18A:7F-7 which identifies an amount of surplus under the statute which must be restricted for use in the next succeeding budget.

2% Calculation of Excess Surplus

2011-12 Total General Fund Expenditures Per the CAFR	\$ 10,905,925
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>(655,690)</u>
Adjusted 11-12 General Fund Expenditures	<u>\$ 10,250,235</u>
2% of Adjusted 2011-12 General Fund Expenditures	<u>\$ 205,005</u>
Enter Greater of Above or \$250,000	\$ 250,000
Increased by Allowable Adjustment	<u>93,047</u>
Maximum Unassigned Fund Balance	<u>\$ 343,047</u>

NOTE 7: Equity Balance (Continued)**Section 2**

Total General Fund – Fund Balance @ 6-30-12	\$ 1,775,813
---	--------------

Decreased by:

Year-End Encumbrances	(20,281)
Legally Restricted – Designated for Subsequent Year's Expenditures	(225,000)
Other Restricted Fund Balances	(1,174,789)
Assigned Fund Balance – Unreserved - Designated for Subsequent Years Expenditures	<u>(112,270)</u>

Total Unassigned Fund Balance	<u>\$ 243,473</u>
-------------------------------	-------------------

Restricted Fund Balance – Excess Surplus	<u>\$ 0</u>
--	-------------

Recapitulation of Excess Surplus as of June 30, 2012

Reserved Excess Surplus – Designated for Subsequent Year's Expenditures	\$ 0
Reserved Excess Surplus	<u>0</u>

Total	<u>\$ 0</u>
-------	-------------

Detail of Allowable Adjustments

Extraordinary Aid	\$ 91,252
Additional Nonpublic School Transportation Aid	<u>1,795</u>

Total Adjustments	<u>\$ 93,047</u>
-------------------	------------------

Detail of Other Restricted Fund Balance

Capital Reserve	\$ 598,334
Maintenance Reserve	150,450
Emergency Reserve	201,005
Tuition Reserve	<u>225,000</u>

Total Other Restricted Fund Balance	<u>\$ 1,174,789</u>
-------------------------------------	---------------------

NOTE 8: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds.

NOTE 8: Risk Management (Continued)

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current year:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Ending Balance</u>
2009-2010	0	8,125	54,234	180,887
2010-2011	0	8,179	99,764	89,302
2011-2012	50,000	8,432	80,624	67,232

NOTE 9: Capital Reserve Account

A Capital Reserve account was established by the Borough of Belmar Board of Education by inclusion of \$100 on September 1, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Fund placed in the capital reserve account are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Pursuant to N.J.A.C. 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

During the fiscal year ended June 30, 2012, the District had actual interest earnings of \$1,537.

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance July 1, 2011	\$ 496,899
Transfer by Resolution	100,000
Interest Earnings	<u>1,435</u>
Balance June 30, 2012	<u>\$ 598,334</u>

“A board of education may, by resolution of the board: transfer undesignated general fund balance or excess undesignated general fund balance to the capital reserve account at any time during the budget year; transfer funds from the capital reserve account to the appropriate line item account for the funding of capital projects as contained in the district’s long-range facilities plan; and transfer funds from the capital reserve account to the debt service account for the purpose of offsetting principal and interest payments for bonded projects which are included in the district’s long-range facilities plan.” (N.J.S.A. 18A:7G-31c)

NOTE 9: Capital Reserve Account (Continued)

Withdrawals may not be used for current expense. Only funds in a capital reserve account in existence prior to July 18, 2000 can be withdrawn before receiving approval of the district's LRFP and such withdrawals must be for the original purpose deposited. (N.J.A.C. 6:23A-5.1(f)1).

"Any capital reserve account in existence as of July 18, 2000 shall be subject to EFCFA and these regulations." (N.J.A.C. 6:23A-5.1(j)).

NOTE 10: Fair Values of Financial Instruments

The following methods and assumptions were used by the Belmar Board of Education in estimating its fair value disclosures for financial instruments.

Cash and Cash Equivalents: The carrying amounts reported in the combined balance sheet for cash and cash equivalents are the fair values of those assets.

NOTE 11: Fund Balance Appropriated

General Fund – Of the \$1,775,813 General Fund fund balance at June 30, 2012, \$20,281 is reserve for encumbrances; \$150,450 is reserved for maintenance; \$201,005 is emergency reserve; \$225,000 is tuition reserve for 2011-2012 in accordance with N.J.A.C. 6A:23-3.1 (f)(8); \$598,334 is capital reserve; \$112,270 is designated for subsequent year's expenditures by the Board of Education; \$225,000 is tuition reserve for 2010-2011 budgeted for withdrawal in 2012-2013; and \$243,473 is unassigned at June 30, 2012.

NOTE 12: Economic Dependency

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the District's programs and activities.

NOTE 13: Significant Accounting Pronouncements

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2012. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2012 through October 18, 2012.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES – C

BELMAR SCHOOL DISTRICT

Exhibit C-1
Sheet 1 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local Sources:					
Local Tax Levy	\$ 7,278,080		7,278,080	7,278,080	-
Tuition	2,122,175		2,122,175	2,046,099	(76,076)
Interest Earned on Investments	500		500	3,424	2,924
Miscellaneous	50,581		50,581	13,223	(37,358)
Total Local Sources	9,451,336	-	9,451,336	9,340,826	(110,510)
State Sources:					
Categorical Special Education Aid	290,154		290,154	290,154	-
Categorical Transportation Aid	108,205		108,205	108,205	-
Extraordinary Aid	34,471		34,471	125,723	91,252
Categorical Security Aid	129,118		129,118	129,118	-
Adjustment aid	273,140		273,140	378,877	105,737
Non-Public Transportation Aid				1,795	1,795
TPAF Pension (On Behalf-Non-Budgeted)			-	373,481	373,481
TPAF Social Security (Reimbursed - Non-Budgeted)			-	282,209	282,209
Total State Sources	835,088	-	835,088	1,689,562	854,474
Federal Sources:					
Education Jobs Fund	40,529		40,529	41,799	1,270
Medical Assistance Program	5,000		5,000	20,190	15,190
	45,529	-	45,529	61,989	16,460
Total Revenues	10,331,953	-	10,331,953	11,092,377	760,424

BELMAR SCHOOL DISTRICT

**Exhibit C-1
Sheet 2 of 11**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<u>Expenditures:</u>					
Current Expense:					
Regular Programs - Instruction:					
Pre-School/Kindergarten - Salaries of Teachers	254,554	(9,923)	244,631	244,373	258
Grades 1-5 - Salaries of Teachers	1,269,338	(11,662)	1,257,676	1,257,199	477
Grades 6-8 - Salaries of Teachers	678,473	11,351	689,824	688,551	1,273
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	600	(600)	-	-	-
Instructional and General Supplies	136,000	110,392	246,392	242,248	4,144
Textbooks	15,000		15,000	13,431	1,569
Miscellaneous Expenditures	57,200	(18,315)	38,885	31,531	7,354
Regular Programs - Home Instruction:					
Salaries of Teachers	5,000	(1,693)	3,307	3,307	-
Total Regular Programs - Instruction	<u>2,416,165</u>	<u>79,550</u>	<u>2,495,715</u>	<u>2,480,640</u>	<u>15,075</u>
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	100,700	2,677	103,377	103,376	1
Other Salaries for Instruction	41,702		41,702	41,702	-
Purchased Professional Educational Services	10,000		10,000	10,000	-
General Supplies	600		600		600
Total Learning and/or Language Disabilities	<u>153,002</u>	<u>2,677</u>	<u>155,679</u>	<u>155,078</u>	<u>601</u>

BELMAR SCHOOL DISTRICT

**Exhibit C-1
Sheet 3 of 11**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Behavioral Disabilities:					
Salaries of Teachers	49,000	3,238	52,238	52,238	-
Other Salaries for Instruction	15,704		15,704	15,403	301
Purchased Professional Educational Services	10,000		10,000	6,483	3,517
General Supplies	300		300		300
Total Behavioral Disabilities	<u>75,004</u>	<u>3,238</u>	<u>78,242</u>	<u>74,124</u>	<u>4,118</u>
Resource Room/Resource Center:					
Salaries of Teachers	276,100	24,741	300,841	299,771	1,070
Other Salaries for Instruction	2,500		2,500	2,470	30
General Supplies	1,500		1,500		1,500
Total Resource Room/Resource Center	<u>280,100</u>	<u>24,741</u>	<u>304,841</u>	<u>302,241</u>	<u>2,600</u>
Preschool Handicapped:					
Salaries of Teachers	60,480		60,480	59,481	999
Other Salaries for Instruction	23,521	7,147	30,668	30,564	104
Purchase Professional Educational Services	15,000		15,000	5,057	9,943
General Supplies	1,000		1,000		1,000
Total Preschool Handicapped	<u>100,001</u>	<u>7,147</u>	<u>107,148</u>	<u>95,102</u>	<u>12,046</u>
Total Special Education - Instruction	<u>608,107</u>	<u>37,803</u>	<u>645,910</u>	<u>626,545</u>	<u>19,365</u>
Bilingual Education					
Salaries of Teachers	101,100	1,960	103,060	102,140	920
General Supplies	600		600	600	-
Total Basic Skills/Remedial - Instruction	<u>101,700</u>	<u>1,960</u>	<u>103,660</u>	<u>102,740</u>	<u>920</u>

BELMAR SCHOOL DISTRICT

**Exhibit C-1
Sheet 4 of 11**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	25,631	(1,535)	24,096	24,096	-
Miscellaneous Expenditures		500	500	432	68
Total School Sponsored Co-Curricular Activities - Instruction	<u>25,631</u>	<u>(1,035)</u>	<u>24,596</u>	<u>24,528</u>	<u>68</u>
School Sponsored Athletics - Instruction:					
Salaries	42,016	(913)	41,103	41,103	-
Supplies and Materials	8,000		8,000	8,000	-
Other Objects	2,000		2,000	2,000	-
Transfer to Cover Deficit	4,000		4,000	4,000	-
Total School Sponsored Athletics - Instruction	<u>56,016</u>	<u>(913)</u>	<u>55,103</u>	<u>55,103</u>	<u>-</u>
Other Supplemental /At-Risk Programs - Instruction:					
Salaries of Teacher Tutors	44,400		44,400	44,400	-
Salaries of Reading Specialists	78,800		78,800	78,800	-
Total Other Supplemental /At-Risk Programs - Instruction	<u>123,200</u>	<u>-</u>	<u>123,200</u>	<u>123,200</u>	<u>-</u>
Total Instruction	<u>3,330,819</u>	<u>117,365</u>	<u>3,448,184</u>	<u>3,412,756</u>	<u>35,428</u>
Undistributed Expenditures-Instruction:					
Tuition to Other LEAs in State - Regular	1,812,347	(67,300)	1,745,047	1,712,088	32,959
Tuition to Other LEAs in State - Special	270,094	269	270,363	200,983	69,380
Tuition to County Vocational School:					
Regular	69,700	800	70,500	69,575	925
Special	46,400	29,100	75,500	65,750	9,750
Tuition to Private School for Handicapped within State	872,087	(31,371)	840,716	760,832	79,884
Tuition State - Facilities		22,771	22,771	22,771	-
Total Undistributed Expenditures-Instruction	<u>3,070,628</u>	<u>(45,731)</u>	<u>3,024,897</u>	<u>2,831,999</u>	<u>192,898</u>

BELMAR SCHOOL DISTRICT

**Exhibit C-1
Sheet 5 of 11**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures-Health:					
Salaries	70,275	(550)	69,725	69,450	275
Purchased Professional and Technical Services	10,500		10,500	5,775	4,725
Supplies and Materials	2,000		2,000	1,357	643
Total Undistributed Expenditures-Health:	82,775	(550)	82,225	76,582	5,643
Undistributed Expenditures-Other Sup. Serv.					
Students-Related Serv.:					
Salaries of Teachers	64,300	21,025	85,325	85,325	-
Purchased Professional Educational Services	6,000	1,825	7,825	7,825	-
Supplies and Materials	500		500	394	106
Total Undistributed Expenditures-Other Sup. Serv.					
Students-Related Serv.	70,800	22,850	93,650	93,544	106
Undistributed Expenditures-Extraordinary Sup. Serv.					
Purchased Professional Educational Services	5,000		5,000	4,475	525
Supplies and Materials	2,500	(1,825)	675		675
Total Undistributed Expenditures-Extraordinary Sup. Serv.	7,500	(1,825)	5,675	4,475	1,200
Undistributed Expenditures-Other Supp. Serv.					
Students - Reg.:					
Salaries of Other Professional Staff	77,300	(22,700)	54,600	54,562	38
Supplies and Materials	500		500	264	236
Other Objects	500		500		500
Total Undistributed Expenditures-Other Supp. Serv.	78,300	(22,700)	55,600	54,826	774

BELMAR SCHOOL DISTRICT

**Exhibit C-1
Sheet 6 of 11**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures-Other Sup. Serv.					
Students-Spec. Serv.:					
Salaries of Other Professional Staff	210,700	9,380	220,080	217,490	2,590
Salaries of Secretarial and Clerical Assts.	41,083		41,083	41,083	-
Other Purchased Professional Services	25,000		25,000	23,406	1,594
Other Purchased Services	1,000		1,000	235	765
Supplies and Materials	6,200		6,200	6,193	7
Other Objects	1,000		1,000	1,000	-
Total Undistributed Expenditures-Other Sup. Serv.	284,983	9,380	294,363	289,407	4,956
Students-Spec. Serv.					
Undistributed Expenditures - Edu. Media Serv./Sch. Library:					
Salaries	117,170	10,743	127,913	124,319	3,594
Purchased Professional and Technical Services	2,000	5,000	7,000	7,000	-
Supplies and Materials	5,936	60,000	65,936	63,779	2,157
Total Undistributed Expenditures - Edu. Media Serv./ School Library	125,106	75,743	200,849	195,098	5,751
Undistributed Expenditures - Instr. Staff Training Serv:					
Purchased Professional-Educational Services			-		-
Other Purchased Services	5,750	10,825	16,575	13,952	2,623
Total Undistributed Expenditures - Instructional Staff Training Serv.	5,750	10,825	16,575	13,952	2,623

BELMAR SCHOOL DISTRICT

**Exhibit C-1
Sheet 7 of 11**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Supp. Serv. - General Administration:					
Salaries	158,568	(8,997)	149,571	149,448	123
Legal Services	17,000	9,000	26,000	16,774	9,226
Audit Fees	13,500		13,500	13,500	-
Other Purchased Professional Services	5,990	6,000	11,990	5,080	6,910
Communications/Telephone	24,000	(5,000)	19,000	14,274	4,726
Other Purchased Services BOE	3,000		3,000	735	2,265
Other Purchased Services (400-500)	7,600	6,650	14,250	4,104	10,146
General Supplies	5,000		5,000	1,035	3,965
Miscellaneous Expenditures	21,250	(5,000)	16,250	14,003	2,247
BOE Membership Dues and Fees	6,000		6,000	5,630	370
Total Undistributed Expenditures - Supp. Serv.					
General Administration	261,908	2,653	264,561	224,583	39,978
Undistributed Expenditures-Support Serv.-School Admin.					
Salaries of Principals/Assistant Principals	90,000	(11,450)	78,550	75,365	3,185
Salaries of Secretarial/Clerical Assistants	64,833	(1,436)	63,397	63,397	-
Other Purchased Services	1,000		1,000	199	801
Supplies and Materials	3,000	5,000	8,000	3,957	4,043
Other Objects	2,000		2,000	209	1,791
Total Undistributed Expend.-Supp. Serv.-School Admin.	160,833	(7,886)	152,947	143,127	9,820

BELMAR SCHOOL DISTRICT

**Exhibit C-1
Sheet 8 of 11**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures-Central Services					
Salaries	207,862	1,230	209,092	209,092	-
Purchased Professional Services	27,335		27,335	26,346	989
Other Purchased Services	5,000	5,000	10,000	4,586	5,414
Supplies and Materials	2,750	5,000	7,750	2,717	5,033
Other Objects	3,500		3,500	1,286	2,214
Total Undistributed Expend.-Central Services	246,447	11,230	257,677	244,027	13,650
Interest Earned on Maintenance Reserve	50		50		50
Undistributed Expenditures-Allow. Maint. School Facilities:					
Cleaning, Repair and Maintenance Services	51,200	56,340	107,540	107,537	3
Total Undistributed Expenditures-Allow. Maint. School Facilities	51,200	56,340	107,540	107,537	3
Undistributed Expenditures-Other Oper. & Maint. Of Plant:					
Salaries of Non-Instructional Aides	10,900	6,597	17,497	16,398	1,099
Purchased Professional and Technical Services	22,600	14,500	37,100	28,823	8,277
Cleaning, Repair, and Maintenance Services	268,000	10,428	278,428	274,354	4,074
Other Purchased Property Services	7,000		7,000	7,000	-
Insurance	56,800	(500)	56,300	55,405	895
Misc. Purchased Services	7,100	1,000	8,100	8,100	-
General Supplies	12,000		12,000	11,991	9
Energy - Natural Gas	86,000	(19,000)	67,000	57,546	9,454
Energy - Electricity	145,000	(3,000)	142,000	120,646	21,354
Total Undistributed Expenditures-Other Oper. & Maint. of Plant	615,400	10,025	625,425	580,263	45,162

BELMAR SCHOOL DISTRICTExhibit C-1
Sheet 9 of 11**GENERAL FUND - BUDGETARY COMPARISON SCHEDULE****FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Undistributed Expenditures - Operation & Maintenance of Plant Services	666,600	66,365	732,965	687,800	45,165
Undistributed Expenditures - Student Transportation Serv:					
Contracted Services (Bet. Home and School) Vendors	27,000	(6,000)	21,000	20,418	582
Contr. Serv. (Other Than Bet. Home & Sch.)-Joint Agree.	25,000	9,500	34,500	34,389	111
Contr. Serv.(Sp Ed Stds)-Vendors	500	(500)	-	-	-
Contr. Serv. (Reg. Students) ESC & CTSA	153,461	12,878	166,339	164,392	1,947
Contr. Serv. (Sp. Ed. Stds.) ESC & CTSA	246,500	(19,500)	227,000	201,455	25,545
Contr. Serv. Aid in Lieu	3,450	3,622	7,072	5,942	1,130
Total Undistributed Expenditures - Student Transportation Serv.	455,911	-	455,911	426,596	29,315
Interest Earned on Emergency Reserve	50		50		50
Unallocated Benefits:					
Social Security Contributions	80,000	1,500	81,500	81,358	142
TPAF Contributions - ERIP	2,500	(1,500)	1,000		1,000
Other Retirement Contributions - Regular Unemployment	70,000	(4,000)	66,000	61,065	4,935
Tuition Reimbursement		50,000	50,000	50,000	-
Other Employee Benefits	7,500	6,535	14,035	14,002	33
Workmen's Compensation	21,175	9,000	30,175	29,745	430
Health Benefits	53,000	(9,000)	44,000	43,539	461
Total Unallocated Benefits	1,443,752	(273,448)	1,170,304	1,155,404	14,900
	1,677,927	(220,913)	1,457,014	1,435,113	21,901

BELMAR SCHOOL DISTRICT

Exhibit C-1
Sheet 10 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
On-Behalf TPAF Pension Contributions (Non-Budgeted)	-	-	-	373,481	(373,481)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	282,209	(282,209)
Total On-Behalf Contributions	-	-	-	655,690	(655,690)
Total Undistributed Expenditures	7,195,568	(100,559)	7,095,009	7,376,819	(281,810)
Total Current Expense	10,526,387	16,806	10,543,193	10,789,575	(246,382)
Capital Outlay:					
Increase in Capital Reserve	400		400		400
Undistributed Expenditures:					
Instruction		8,572	8,572		8,572
Facilities Acquisition and Construction Services:					
Construction Services		13,800	13,800	13,618	182
Other Objects	14,166		14,166	14,166	-
Total Capital Outlay	14,566	22,372	36,938	27,784	9,154
Special Schools:					
Salaries of Teachers		16,200	16,200	15,946	254
Other Salaries for Instruction	16,500	(13,000)	3,500	3,500	-
Total Special Schools	16,500	3,200	19,700	19,446	254
Transfer of Funds to Charter Schools	20,000	10,958	30,958	27,321	3,637
Education Jobs Fund		41,799	41,799	41,799	
Total Expenditures	10,577,453	95,135	10,672,588	10,905,925	(233,337)

BELMAR SCHOOL DISTRICT

**Exhibit C-1
Sheet 11 of 11**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(245,500)	(95,135)	(340,635)	186,452	527,087
Fund Balance July 1	1,589,361		1,589,361	1,589,361	
Fund Balance June 30	<u>\$ 1,343,861</u>	<u>(95,135)</u>	<u>1,248,726</u>	<u>1,775,813</u>	<u>527,087</u>
Recapitulation:					
Restricted Fund Balance:				\$ 201,005	
Emergency Reserve				150,450	
Maintenance Reserve				598,334	
Capital Reserve				225,000	
Tuition Reserve				225,000	
Designated for Subsequent Year's Expenditures - Tuition Reserve Budgeted Withdrawal					
Assigned Fund Balance:					
Year-End Encumbrances				20,281	
Designated for Subsequent Year's Expenditures - BOE				112,270	
Unassigned Fund Balance				243,473	
				<u>1,775,813</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Final State Aid Payments not Recognized on GAAP Basis				<u>(103,585)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 1,672,228</u>	

BELMAR SCHOOL DISTRICTBUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Exhibit C-1b

EDUCATION JOBS FUNDFOR THE YEAR ENDED JUNE 30, 2012

	<u>Adjusted Budget</u>	<u>Expended</u>	<u>Funds Available</u>
Health Benefits:			
18-000-291-270	<u>\$ 41,799</u>	<u>41,799</u>	<u> </u>
Total	<u><u>\$ 41,799</u></u>	<u><u>41,799</u></u>	<u><u>-</u></u>

BELMAR SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
State Sources	\$ 567,806	1,577	569,383	524,353	45,030
Federal Sources	700,975	22,858	723,833	691,989	31,844
Total Revenues	<u>\$1,268,781</u>	<u>24,435</u>	<u>1,293,216</u>	<u>1,216,342</u>	<u>76,874</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 289,400	(4,447)	284,953	284,953	
Other Salaries for Instruction	160,357	6,757	167,114	167,114	
Purchased Professional and Technical Services	180,907	1,577	182,484	165,599	16,885
Textbooks	44,334		44,334	43,030	1,304
General Supplies	4,900	1,486	6,386	6,086	300
Total Instruction	<u>679,898</u>	<u>5,373</u>	<u>685,271</u>	<u>666,782</u>	<u>18,489</u>
Support Services:					
Personal Services - Employee Benefits	69,137	(1,636)	67,501	67,501	
Purchased Professional and Technical Services	513,423	20,904	534,327	475,942	58,385
Contracted Services	2,000		2,000	2,000	
General Supplies	4,323	(206)	4,117	4,117	
Total Support Services	<u>588,883</u>	<u>19,062</u>	<u>607,945</u>	<u>549,560</u>	<u>58,385</u>
Total Expenditures	<u>\$1,268,781</u>	<u>24,435</u>	<u>1,293,216</u>	<u>1,216,342</u>	<u>76,874</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATIONBUDGET TO GAAP RECONCILIATIONNOTE TO RSIJUNE 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 11,092,479	1,216,342
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(7,642)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	63,533	18,344
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(103,585)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 11,052,427</u>	<u>1,227,044</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 10,905,925	1,216,342
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(7,642)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 10,905,925</u>	<u>1,208,700</u>

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

BELMAR SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES EXPENDITURES - BUDGETARY BASIS

Exhibit E-1
Sheet 1 of 3

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Chapter 192			Chapter 193				
	Compensatory Education	Home Instruction	Transportation	Examination & Classification	Corrective Speech	Supplementary Instruction	Non-Public Textbooks	Non-Public Nursing
Revenues:								
Federal Sources	-							
State Sources	116,656	1,577	5,945	55,077	19,746	37,882	42,730	61,300
Total Revenue	\$ 116,656	1,577	5,945	55,077	19,746	37,882	42,730	61,300
Expenditures:								
Instruction:								
Salaries of Teachers	-							
Other Salaries for Instruction								
General Supplies		1,577	5,945	55,077	19,746	37,882	42,730	
Purchased Professional & Technical Services								
Textbooks								
Total Instruction	-	1,577	5,945	55,077	19,746	37,882	42,730	-
Support Services:								
Personal Services - Employee Benefits								
Purchased Professional and Technical Services	116,656							61,300
Contracted Services								
General Supplies								
Total Support Services	116,656	-	-	-	-	-	-	61,300
Total Expenditures	\$ 116,656	1,577	5,945	55,077	19,746	37,882	42,730	61,300

BELMAR SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES EXPENDITURES - BUDGETARY BASIS

Exhibit E-1
Sheet 2 of 3

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Title I</u>	<u>Title IIA</u>	<u>Title III</u>	<u>I.D.E.A. Part B Basic</u>	<u>I.D.E.A. Part B Pre-School</u>
Revenues:					
Federal Sources	226,619	46,378	11,867	271,212	8,792
State Sources					
Total Revenue	<u>226,619</u>	<u>46,378</u>	<u>11,867</u>	<u>271,212</u>	<u>8,792</u>
Expenditures:					
Instruction:					
Salaries of Teachers	116,700	31,000	6,553		
Other Salaries for Instruction				113,401	8,167
General Supplies	300	1,000	4,486		
Purchased Professional & Technical Services	45,372				
Textbooks				300	
Total Instruction	<u>162,372</u>	<u>32,000</u>	<u>11,039</u>	<u>113,701</u>	<u>8,167</u>
Support Services:					
Personal Services - Employee Benefits	43,635	9,200	334	10,535	625
Purchased Professional and Technical Services	20,406	4,183		146,276	
Contracted Services					
General Supplies	206	995	494	700	
Total Support Services	<u>64,247</u>	<u>14,378</u>	<u>828</u>	<u>157,511</u>	<u>625</u>
Total Expenditures	<u>226,619</u>	<u>46,378</u>	<u>11,867</u>	<u>271,212</u>	<u>8,792</u>

BELMAR SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Exhibit E-1
Sheet 3 of 3

	2010-2011 I.D.E.A. Part B	ARRA IDEA Basic	Preschool Education Aid	Totals June 30, 2012
Revenues:				
Federal Sources	102,456	24,665	183,440	691,989
State Sources				524,353
Total Revenue	<u>102,456</u>	<u>24,665</u>	<u>183,440</u>	<u>1,216,342</u>
Expenditures:				
Instruction:				
Salaries of Teachers			130,700	284,953
Other Salaries for Instruction			45,546	167,114
General Supplies			300	6,086
Purchased Professional & Technical Services				165,599
Textbooks				43,030
Total Instruction	<u>-</u>	<u>-</u>	<u>176,546</u>	<u>666,782</u>
Support Services:				
Personal Services - Employee Benefits			3,172	67,501
Purchased Professional and Technical Services	102,456	24,665		475,942
Contracted Services			2,000	2,000
General Supplies			1,722	4,117
Total Support Services	<u>102,456</u>	<u>24,665</u>	<u>6,894</u>	<u>549,560</u>
Total Expenditures	<u>102,456</u>	<u>24,665</u>	<u>183,440</u>	<u>1,216,342</u>

BELMAR SCHOOL DISTRICT**SPECIAL REVENUE FUND**

Exhibit E-2

PRESCHOOL EDUCATION AID**SCHEDULE OF EXPENDITURES****BUDGETARY BASIS****FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 130,700	130,700	
Other Salaries for Instruction	45,546	45,546	
General Supplies	300	300	
Total Instruction	<u>176,546</u>	<u>176,546</u>	<u>-</u>
Support Services:			
Personal Services - Employee Benefits	3,172	3,172	
Contracted Services	2,000	2,000	
General Supplies	1,722	1,722	
Total Support Services	<u>6,894</u>	<u>6,894</u>	<u>-</u>
Total Expenditures	<u>\$ 183,440</u>	<u>183,440</u>	<u>-</u>

Calculation of Budget and Carryover

Total 2011-2012 Budget Preschool Education Aid	\$ 183,440
Less: Budgeted 2011-2012 Preschool Education Aid	<u>183,440</u>
Available and Unbudgeted at June 30, 2012 Preschool Education Aid	<u>\$ -</u>
2011-2012 Carryover Budgeted in 2012-2013 Preschool Education Aid	<u>\$ -</u>

CAPITAL PROJECTS FUND – F

N/A

PROPRIETARY FUNDS – G

N/A

FIDUCIARY FUND – H

BELMAR SCHOOL DISTRICT

TRUST AND AGENCY FUND

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

AS OF JUNE 30, 2011

	Agency		Net Salary Account	Expendable Trusts		Totals 2012
	Student Activity	Agency Account		Scholarship Fund	Unemployment Compensation	
Assets:						
Cash and Cash Equivalents	\$ 29,715	(134)	317	920	67,232	98,050
Accounts Receivable		134				134
Total Assets	<u>\$ 29,715</u>	<u>-</u>	<u>317</u>	<u>920</u>	<u>67,232</u>	<u>98,184</u>
Liabilities and Net Assets:						
Liabilities:						
Due to Student Groups	\$ 29,715	-	317			29,715
Payroll Withholdings						317
Total Liabilities	<u>29,715</u>	<u>-</u>	<u>317</u>	<u>-</u>	<u>-</u>	<u>30,032</u>
Net Assets:						
Unreserved				920	67,232	68,152
Total Net Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>920</u>	<u>67,232</u>	<u>68,152</u>
Total Liabilities and Net Assets	<u>\$ 29,715</u>	<u>-</u>	<u>317</u>	<u>920</u>	<u>67,232</u>	<u>98,184</u>

BELMAR SCHOOL DISTRICT**EXPENDABLE TRUST FUNDS**

Exhibit H-2

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Scholarships</u>	<u>Unemployment Compensation Insurance Trust Fund</u>	<u>Totals 2012</u>
Additions:			
Local Sources:			
Contributions	\$ 120	58,432	58,552
Interest on Investments		122	122
Total Additions	<u>120</u>	<u>58,554</u>	<u>58,674</u>
Deductions:			
Unemployment Claims		80,624	80,624
Total Deductions	<u>-</u>	<u>80,624</u>	<u>80,624</u>
Change in Net Assets	120	(22,070)	(21,950)
Net Assets, July 1	<u>800</u>	<u>89,302</u>	<u>90,102</u>
Net Assets, June 30	<u>\$ 920</u>	<u>67,232</u>	<u>68,152</u>

BELMAR SCHOOL DISTRICT**STUDENT ACTIVITY AGENCY FUND**

Exhibit H-3

SCHEDULE OF RECEIPTS AND DISBURSEMENTS**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Balance</u> <u>June 30, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2012</u>
Elementary School:				
Belmar Elementary	\$ 20,750	19,921	17,652	23,019
Referee Account	<u>4,001</u>	<u>8,013</u>	<u>5,318</u>	<u>6,696</u>
Total All Schools	<u>\$ 24,751</u>	<u>27,934</u>	<u>22,970</u>	<u>29,715</u>

BELMAR SCHOOL DISTRICT**PAYROLL AGENCY FUND**

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTS**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Assets:				
Cash and Cash Equivalents	\$ 271	2,335,097	2,335,502	(134)
Accounts Receivable		134		134
Total Assets	<u>\$ 271</u>	<u>2,335,231</u>	<u>2,335,502</u>	<u>-</u>
Liabilities:				
Payroll Deductions and Withholdings	\$ -	2,335,231	2,335,231	-
Accounts Payable	271	-	271	-
Total Liabilities	<u>\$ 271</u>	<u>2,335,231</u>	<u>2,335,502</u>	<u>-</u>

LONG-TERM DEBT – I

BELMAR SCHOOL DISTRICT

GENERAL LONG-TERM DEBT ACCOUNT GROUP

Exhibit 1-1

SCHEDULE OF SERIAL BONDS

JUNE 30, 2012

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Annual Date</u>	<u>Maturities Amount</u>	<u>Interest Rate</u>	<u>Beginning Balance July 1, 2011</u>	<u>Issued</u>	<u>Refunded</u>	<u>Retired</u>	<u>Ending Balance June 30, 2012</u>
ERIP Refunding	7/8/03	\$ 540,000	10-1-12-13	\$ 40,000	5.250%	\$ 300,000				300,000
			10-1-14-16	45,000	5.500%					
			10-1-17	50,000						
Elementary School Construction/Repairs	8/1/03	\$ 3,370,000	8/1/12	110,000	4.150%	2,855,000		2,525,000	105,000	225,000
			8/1/13	115,000						
2012 Refunding Bonds	2/1/12	\$ 2,490,000	8/1/12	15,000	2.000%		2,490,000			2,490,000
			8/1/13	10,000						
			8/1/14	245,000						
			8/1/15	255,000	3.000%					
			8/1/16	260,000						
			8/1/17	265,000						
			8/1/18	270,000						
			8/1/19	280,000	4.000%					
			8/1/20	290,000						
			8/1/21	295,000						
			8/1/22	305,000						
						\$ 3,155,000	2,490,000	2,525,000	105,000	3,015,000

BELMAR SCHOOL DISTRICT

LONG-TERM LIABILITIES

Exhibit I-1a

SCHEDULE OF LOANS PAYABLE

JUNE 30, 2012

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Annual Date</u>	<u>Maturities Amount</u>	<u>Interest Rate</u>	<u>Beginning Balance July 1, 2011</u>	<u>Paid</u>	<u>Ending Balance June 30, 2012</u>
NJEDA School Facilities Loan Fund	8-18-93	\$ 900,000	7/15/12-13	\$ 47,368	1.50%	\$ 142,105	47,368	94,737
MCIA Pooled Governmental Loan Fund	8-18-93	900,000	7/15/12 7/15/13	63,829 66,677	5.50%	\$ 191,623	61,117	130,506

BELMAR SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

Exhibit I-3

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Revenues:					
Local Sources:					
Local Tax Levy	\$ 396,701		396,701	396,701	
Miscellaneous - Bond Refunding Proceeds				12,835	12,835
Total Revenues	<u>396,701</u>	<u>-</u>	<u>396,701</u>	<u>409,536</u>	<u>12,835</u>
Expenditures:					
Regular Debt Service:					
Interest	148,215		148,215	148,215	-
Redemption of Principal	248,486		248,486	248,485	1
Total Expenditures	<u>396,701</u>	<u>-</u>	<u>396,701</u>	<u>396,700</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	12,836	12,836
Fund Balance July 1		-			-
Fund Balance June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>12,836</u>	<u>12,836</u>

STATISTICAL SECTION

(Unaudited)

Belmar Board of Education
Net Assets by Component,
Last Eight Fiscal Years
(accrual basis of accounting)

EXHIBIT J-1

		For Fiscal Year Ending June 30,							
		2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities									
Invested in capital assets, net of related debt		\$ (1,250,300)	\$ 2,816,034	\$ 3,750,672	\$ 2,990,560	\$ 2,978,400	\$ 2,844,200	\$ 2,633,014	\$ 2,731,882
Restricted		4,802,538	4,088,554	988,106	1,235,415	1,330,557	1,418,992	1,395,164	1,532,442
Unrestricted		(189,233)	126,278	459,169	252,320	154,858	(116,942)	112,321	(8,920)
Total governmental activities net assets		\$ 3,363,005	\$ 7,010,866	\$ 5,197,947	\$ 4,478,295	\$ 4,463,815	\$ 4,148,250	\$ 4,140,499	\$ 4,255,404
Business-type activities									
Invested in capital assets, net of related debt		\$ 3,268	\$ 5,809	\$ 5,171	\$ 4,534	\$ 8,557	\$ 7,448	\$ 19,199	\$ 38,057
Restricted		(7,139)	10,058	10,858	15,254	21,034	31,698	29,024	14,905
Total business-type activities net assets		\$ (3,871)	\$ 15,867	\$ 16,029	\$ 19,788	\$ 29,591	\$ 39,146	\$ 48,223	\$ 52,962
District-wide									
Invested in capital assets, net of related debt		\$ (1,247,032)	\$ 2,821,843	\$ 3,755,843	\$ 2,985,094	\$ 2,986,957	\$ 2,851,648	\$ 2,652,213	\$ 2,769,939
Restricted		4,802,538	4,088,554	988,106	1,235,415	1,330,557	1,418,992	1,395,164	1,532,442
Unrestricted		(196,372)	136,336	470,027	267,574	175,892	(85,244)	141,345	5,985
Total district net assets		\$ 3,359,134	\$ 7,026,733	\$ 5,213,976	\$ 4,498,083	\$ 4,493,406	\$ 4,185,396	\$ 4,188,722	\$ 4,308,366

This schedule does not contain ten years of information as GASB #44 was implemented during fiscal year ending June 30, 2006.

Source: CAFR Schedule A-1

Belmar Board of Education
Changes in Net Assets, Last Eight Fiscal Years
(accrual basis of accounting)

EXHIBIT J-2

For Fiscal Year Ending June 30,

	2005	2006	2007	2008	2009	2010	2011	2012
Expenses								
Governmental activities								
Instruction								
Regular								
Special education	\$ 1,629,646	\$ 1,880,233	\$ 2,018,002	\$ 2,128,393	\$ 2,478,495	\$ 2,786,212	\$ 2,597,886	\$ 2,480,640
Other special education	448,754	464,629	550,235	1,301,062	1,374,393	1,464,121	1,467,198	1,285,685
Other instruction	755,609	694,436	691,442	149,400	159,570	77,139	104,200	102,740
Nonpublic school programs	62,260	67,964	74,993	105,542	89,320	201,512	187,545	202,831
Adult/continuing education programs	-	-	-	-	-	-	-	-
Support Services:								
Tuition	2,334,537	2,562,051	2,303,413	2,460,262	2,643,976	2,596,165	2,923,359	2,831,999
Student & instruction related services	962,484	976,778	1,196,579	1,016,954	950,653	791,098	1,017,343	1,277,444
School administrative services	433,067	426,757	295,838	237,748	245,302	328,678	395,442	387,154
General & Business administrative services	163,668	177,163	376,389	387,608	401,563	410,033	232,809	224,583
Plant operations and maintenance	421,882	484,320	794,047	1,059,709	913,722	727,404	668,888	687,800
Pupil transportation	407,590	411,846	452,399	466,068	407,439	435,044	430,071	426,596
Special Schools	1,152	308	1,340	2,860	6,100	5,063	4,703	46,767
Charter Schools	29,214	30,920	4,779	-	-	-	-	-
Interest on long-term debt	206,576	193,316	203,812	181,754	173,166	164,020	154,264	170,361
Unallocated Employee Benefits	1,776,317	1,831,124	1,981,175	2,156,627	1,926,432	2,054,717	1,942,439	1,983,487
Unallocated depreciation	-	-	15,387	369,257	329,806	345,931	356,430	353,262
Total governmental activities expenses	9,632,756	10,201,845	10,959,830	12,023,244	12,099,937	12,387,137	12,482,577	12,461,349
Business-type activities:								
Food service	203,521	211,827	193,322	189,037	208,825	235,735	250,727	244,193
Child Care	-	-	-	-	-	-	-	-
Total business-type activities expense	203,521	211,827	193,322	189,037	208,825	235,735	250,727	244,193
Total district expenses	\$ 9,836,277	\$ 10,413,672	\$ 11,153,152	\$ 12,212,281	\$ 12,308,762	\$ 12,622,872	\$ 12,733,304	\$ 12,705,542
Program Revenues								
Governmental activities:								
Charges for services:								
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pupil transportation	-	-	-	-	-	-	-	-
Business and other support services	-	-	-	-	-	-	-	-
Operating grants and contributions	1,234,597	1,224,588	1,343,542	1,435,919	1,166,721	1,261,119	1,322,626	1,227,044
Capital grants and contributions	-	-	-	-	-	-	-	-
Total governmental activities program revenues	1,234,597	1,224,588	1,343,542	1,435,919	1,166,721	1,261,119	1,322,626	1,227,044
Business-type activities:								
Charges for services:								
Food service	75,679	78,879	83,225	75,130	83,819	86,131	96,083	88,797
Child care	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-
Capital grants and contributions	94,017	105,844	110,024	117,185	130,058	159,383	151,075	160,075
Total business-type activities program revenues	169,696	184,723	193,249	192,315	213,877	245,514	247,158	248,872
Total district program revenues	\$ 1,404,293	\$ 1,409,311	\$ 1,536,791	\$ 1,628,234	\$ 1,380,598	\$ 1,506,633	\$ 1,569,784	\$ 1,475,916

Belmar Board of Education
Changes in Net Assets, Last Eight Fiscal Years
(accrual basis of accounting)

EXHIBIT J-2

For Fiscal Year Ending June 30,

	2005	2006	2007	2008	2009	2010	2011	2012
Net (Expense)/Revenue								
Governmental activities	\$ (8,398,159)	\$ (8,977,257)	\$ (9,616,288)	\$ (10,587,325)	\$ (10,933,216)	\$ (11,126,018)	\$ (11,159,951)	\$ (11,234,305)
Business-type activities	(33,825)	(27,104)	(73)	3,278	5,052	9,779	(3,569)	4,679
Total district-wide net expense	\$ (8,431,984)	\$ (9,004,361)	\$ (9,616,361)	\$ (10,584,047)	\$ (10,928,164)	\$ (11,116,239)	\$ (11,163,520)	\$ (11,229,626)

General Revenues and Other Changes in Net Assets

Governmental activities:

Property taxes levied for general purposes, net
Taxes levied for debt service
Unrestricted grants and contributions
Tuition Received
Investment earnings & Miscellaneous Earnings
Adjustment for prior debt adjustment
Transfers

Total governmental activities	8,330,119	9,814,020	10,138,892	10,484,078	10,950,774	11,022,856	11,258,729	11,462,270
-------------------------------	-----------	-----------	------------	------------	------------	------------	------------	------------

Business-type activities:

Investment earnings
Adjustment for cancellation of APP
Transfers

Total business-type activities	66	135	235	481	181	82	81	60
Total district-wide	24,066	43,682	235	481	181	82	81	60
	\$ 8,354,185	\$ 9,857,702	\$ 10,139,127	\$ 10,484,559	\$ 10,950,955	\$ 11,022,938	\$ 11,258,810	\$ 11,462,330

Change in Net Assets

Governmental activities

Business-type activities

Total district

	\$ (68,040)	\$ 836,763	\$ 522,604	\$ (103,247)	\$ 17,558	\$ (103,162)	\$ 98,778	\$ 227,965
	(9,759)	16,578	162	3,759	5,233	9,861	(3,488)	4,739
	\$ (77,799)	\$ 853,341	\$ 522,766	\$ (99,488)	\$ 22,791	\$ (93,301)	\$ 95,290	\$ 232,704

This schedule does not contain ten years of information as GASB #44 was implemented during fiscal year ending June 30, 2006.
Source: CAFR Schedule A-2

Belmar Board of Education
Fund Balances, Governmental Funds,
Last Eight Fiscal Years
(modified accrual basis of accounting)

EXHIBIT J-3

	For Fiscal Year Ending June 30							
	2005	2006	2007	2008	2009	2010	2011	2012
General Fund								
Reserved	\$ 526,158	\$ 877,798	\$ 1,198,461	\$ 1,240,488	\$ 1,318,738	\$ 1,323,301	\$ 1,362,766	\$ 1,532,442
Unreserved	166,563	197,721	215,360	290,493	217,097	175,614	163,063	140,195
Total general fund	<u>\$ 692,721</u>	<u>\$ 1,075,519</u>	<u>\$ 1,413,821</u>	<u>\$ 1,530,981</u>	<u>\$ 1,535,835</u>	<u>\$ 1,498,915</u>	<u>\$ 1,525,829</u>	<u>\$ 1,672,637</u>
All Other Governmental Funds								
Reserved	\$ 4,232,210	\$ 3,190,756	\$ 89,080	\$ 21,022	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:								
Special revenue fund	-	-	(20,398)	(26,095)	(11,540)	(10,865)	(18,344)	52,672
Capital projects fund			-	-	-	-	-	-
Debt service fund	44,170	-	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 4,276,380</u>	<u>\$ 3,190,756</u>	<u>\$ 68,682</u>	<u>\$ (5,073)</u>	<u>\$ (11,540)</u>	<u>\$ (10,865)</u>	<u>\$ (18,344)</u>	<u>\$ 52,672</u>

This schedule does not contain ten years of information as GASB #44 was implemented during fiscal year ending June 30, 2006.

Source: CAFR Schedule B-1

**Belmar Board of Education
Changes in Fund Balances, Governmental Funds,
Last Eight Fiscal Years**

EXHIBIT J-4

	2005	2006	2007	2008	2009	2010	2011	2012
Revenues								
Tax levy	\$ 5,867,137	\$ 6,810,518	\$ 6,810,518	\$ 7,043,544	\$ 7,352,726	\$ 7,521,205	\$ 7,605,168	\$ 7,674,781
Tuition charges	1,597,885	1,619,891	1,635,091	1,723,733	1,834,281	1,984,333	2,161,851	2,046,099
Interest Earnings/Miscellaneous	58,259	127,176	92,579	53,567	19,357	64,967	65,619	29,891
State sources	2,033,770	2,092,235	2,461,290	2,624,465	2,359,488	1,857,450	2,043,649	2,192,207
Federal sources	411,048	425,776	503,354	474,688	551,643	856,020	705,068	746,336
Total revenue	<u>9,968,099</u>	<u>11,075,596</u>	<u>11,502,832</u>	<u>11,919,997</u>	<u>12,117,495</u>	<u>12,283,975</u>	<u>12,581,355</u>	<u>12,689,314</u>
Expenditures								
Instruction								
Regular instruction	1,785,262	2,044,442	2,054,217	2,125,448	2,476,609	2,808,252	2,597,886	2,480,640
Special education instruction	448,754	484,629	550,235	1,301,062	1,374,393	1,464,121	1,467,198	1,285,685
Other special instruction	817,869	762,400	766,435	254,942	248,890	278,651	291,745	305,571
Support Services:								
Tuition	2,334,537	2,562,051	2,303,413	2,460,262	2,643,976	2,596,165	2,923,359	2,831,999
Student & instruction related services	962,484	976,778	1,196,579	1,016,954	934,896	791,098	1,017,343	1,277,444
School Administrative services	179,743	159,631	295,838	237,748	245,302	328,678	395,442	387,154
Other administrative services	416,992	444,289	376,389	387,608	401,563	410,033	232,809	224,583
Plant operations and maintenance	421,882	484,320	794,047	1,059,709	913,722	727,404	668,888	687,800
Pupil transportation	407,590	411,846	452,399	466,068	407,439	435,044	430,071	426,596
Food Services	24,000	43,546						
Unallocated employee benefits	1,748,796	1,831,124	1,981,175	2,156,627	1,926,432	2,054,717	1,942,439	2,132,602
Special Schools	1,152	308	1,340	2,860	6,100	5,063	4,703	46,767
Charter Schools	29,214	30,920	4,779					
Capital outlay	351,098	4,002,272	136,327	7,982	146,808	24,715	190,890	27,784
Debt service:								
Principal								
Interest and other charges	97,628	195,098	193,484	214,156	216,347	228,571	240,966	148,215
Total expenditures	<u>263,859</u>	<u>201,362</u>	<u>207,068</u>	<u>185,166</u>	<u>176,631</u>	<u>167,708</u>	<u>158,182</u>	<u>248,485</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>10,290,860</u>	<u>14,615,016</u>	<u>11,313,745</u>	<u>11,876,592</u>	<u>12,119,108</u>	<u>12,320,220</u>	<u>12,561,921</u>	<u>12,511,325</u>
Other Financing sources (uses)								
Capital leases (non-budgeted)	(322,761)	(3,539,420)	189,087	43,405	(1,613)	(36,245)	19,434	177,989
Bond proceeds	-							
Proceeds of refunding debt	-							
Payment to refunded debt escrow agent	-							
Par amount of bonds								
Original issue premium								
Accrued interest								
Deposit to escrow fund								
Costs of issuance								
Accrued interest								
Transfers in	93,549	68,057	21,022					
Transfers out	(93,549)	(68,057)	(21,022)					
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (322,761)</u>	<u>\$ (3,539,420)</u>	<u>\$ 189,087</u>	<u>\$ 43,405</u>	<u>\$ (1,613)</u>	<u>\$ (36,245)</u>	<u>\$ 19,434</u>	<u>\$ 177,989</u>
Debt service as a percentage of noncapital expenditures	3.6%	3.7%	3.6%	3.4%	3.3%	3.2%	3.2%	3.2%

This schedule does not contain ten years of information as GASB #44 was implemented during fiscal year ending June 30, 2006.
Source: CAFR Schedule B-2

BELMAR BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

EXHIBIT J-5

Fiscal Year Ended June 30,	Interest on Investments	Tuition		Misc.	Total
		Revenue			
2003	9,872	1,402,537		45,944	1,458,353
2004	6,295	1,461,579		15,176	1,483,050
2005	13,083	1,597,885		1,541	1,612,509
2006	30,465	1,619,891		28,654	1,679,010
2007	34,740	1,635,091		36,128	1,705,959
2008	48,605	1,723,733		4,962	1,777,300
2009	14,210	1,834,281		5,147	1,853,638
2010	4,842	1,984,334		59,122	2,048,298
2011	3,100	2,161,851		62,159	2,227,110
2012	3,424	2,046,099		26,467	2,075,990

Source: District Records

Belmar Board of Education
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years

Year Ended December 31,	Vacant Land			Building		Commercial		Apartment		Estimated Full Cash Valuations		Less: Tax-Exempt Property		Public Utilities ^a		Net Valuation Taxable		Total Direct School Tax Rate ^b		Estimated Actual (County Equalized Value)	
2003										935,932,230		0		0		979,601,796		0.559		104.67%	
2004										1,144,169,345		0		0		982,889,788		0.582		85.90%	
2005	14,956,800	832,791,500			108,677,600			35,692,500		992,118,400				396,629		992,515,029		0.641		85.86%	
2006	17,463,300	839,667,700			108,494,500			33,659,900		999,285,400				300,699		999,586,099		0.981		72.06%	
2007	21,349,400	847,873,700			104,438,700			31,242,500		1,004,904,300				265,063		1,005,169,363		0.688		61.62%	
2008	22,038,100	865,626,900			103,311,200			27,629,400		1,018,605,600				265,245		1,018,870,845		0.709		57.46%	
2009	21,222,200	878,124,800			101,268,200			27,629,400		1,028,244,600				494,262		1,028,738,862		0.725		57.24%	
2010	18,692,000	884,986,200			101,542,800			26,250,400		1,031,471,400				406,348		1,031,877,748		0.734		58.25%	
2011	16,704,900	888,603,800			99,798,100			27,100,400		1,032,207,200				0		1,032,207,200		0.741		59.51%	
2012	19,031,200	887,856,100			98,983,200			26,350,400		1,032,220,900				0		1,032,220,900		0.741		62.05%	

Source: Monmouth County Tax Assessor (Assessed Value by property class; Net Valuation Taxable; Certified Tax Rates)

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.
In 2003 the Borough was reassessed and the tax rate adjusted accordingly.

Reassessment occurs when ordered by the County Board of Taxation

This schedule does not contain ten years of information as GASB #44 was implemented during
fiscal year ending June 30, 2006.

^b Tax rates are per \$100

**Belmar Board of Education
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

(rate per \$100 of assessed value)

Year Ended December 31,	Belmar Board of Education			Total Direct and Overlapping Tax Rate	
	General			Borough of Belmar	Monmouth County
	Basic Rate ^a	Obligation Debt Service ^b	Direct		
2002			1.379	1.225	0.652
2003	0.545	0.012	0.559	0.514	0.288
2004	0.557	0.025	0.582	0.532	0.346
2005	0.603	0.038	0.641	0.571	0.377
2006	0.645	0.036	0.681	0.587	0.398
2007	0.655	0.033	0.688	0.612	0.424
2008	0.672	0.037	0.709	0.655	0.427
2009	0.692	0.032	0.725	0.685	0.435
2010	0.702	0.039	0.741	0.703	0.423
2011	0.715	0.038	0.753	0.703	0.452
					3.256 *

Source: District Records and Monmouth County Taxation (Assessed Value by Property Class)

*In 2003 the Borough was reassessed and the tax rate adjusted accordingly.

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calcu

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

b Rates for debt service are based on each year's requirements.

Belmar Board of Education
Principal Property Tax Payers,
Current Year and ten Years Ago

EXHIBIT J-8

Taxpayer	2010			2000		
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
BMIA, LLC	\$ 4,507,200	0.46%		\$ 2,845,100	4	0.73%
River Ridge Apartments	4,292,700	0.44%				
Pat's Motel Inc	3,084,300	0.31%		2,000,000	3	0.51%
Private Homeowner #1	2,800,000	0.29%		-		
LCS, Inc.	2,704,300	0.28%		1,105,000	10	0.28%
Private Homeowner #2	2,623,100	0.27%		-		
Ocean Harbor Apartments LLC	1,800,000	0.18%		1,540,000	5	0.27%
GSK LLC	1,979,200	0.20%		-		
Anza Inc.	1,970,900	0.20%		1,230,000	8	0.31%
Private Homeowner #4	1,878,700	0.19%				
Gold Meyer	-			3,277,800	1	0.84%
GGB Assoc	-			2,313,100	2	0.59%
Private Homeowner #3	-			1,370,000	6	0.35%
Repetti, Anthony & Paul	-			1,283,100	7	
Belmar Terrace Apts	-			1,148,000	9	0.29%
Total	\$ 27,640,400			\$ 18,112,100		4.56%

Source: Borough CAFR & Municipal Tax Assessor

Belmar Board of Education
Property Tax Levies and Collections,
Last Ten Fiscal Years

EXHIBIT J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	5,400,315	5,400,315	100.00%	-
2004	5,533,293	5,533,293	100.00%	-
2005	5,867,137	5,867,137	100.00%	-
2006	6,810,518	6,810,518	100.00%	-
2007	6,810,518	6,810,518	100.00%	-
2008	7,043,545	7,043,545	100.00%	-
2009	7,352,726	7,352,726	100.00%	-
2010	7,521,205	7,521,205	100.00%	-
2011 #	7,605,169	7,605,169	100.00%	-
2012 #	7,674,781	7,674,781	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in is the amount voted upon or certified prior to the end of the school

Belmar Board of Education
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

EXHIBIT J-10

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	
2003	1,120,781	-	57,713	-	-	1,178,494	43,863
2004	4,888,583	-	34,658	-	-	4,923,241	43,387
2005	4,790,955	-	23,632	-	-	4,814,587	43,634
2006	4,595,856	-	12,087	-	-	4,607,943	46,545
2007	4,388,768	-	-	-	-	4,388,768	48,072
2008	4,174,612	-	-	-	-	4,174,612	52,499
2009	3,958,267	-	-	-	-	3,958,267	55,826
2010	3,719,694	-	-	-	-	3,719,694	56,755
2011	3,488,728	-	-	-	-	3,488,728	54,771
2012	3,205,243	-	-	-	-	3,205,243	56,955

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- a** See Exhibit NJ J-13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding and low interest and small project loans

Belmar Board of Education
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

EXHIBIT J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
		Net General Bonded Debt Outstanding			
2003	1,120,781	-	1,120,781	0.11%	42,849
2004	4,888,583	-	4,888,583	0.50%	43,427
2005	4,790,955	-	4,790,955	0.48%	44,005
2006	4,595,856	-	4,595,856	0.46%	44,591
2007	4,388,768	-	4,388,768	0.44%	48,072
2008	4,174,612	-	4,174,612	0.42%	52,499
2009	3,958,267		3,958,267	0.39%	55,826
2010	3,719,694		3,719,694	0.36%	56,755
2011	3,488,728		3,488,728	0.34%	54,771
2012	3,205,243		3,205,243	0.31%	56,955

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

^a See Exhibit NJ J-6 for property tax data.

^b Population data can be found in Exhibit NJ J-13.

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
(Net) Debt repaid with property taxes			
Borough of Belmar (as of December 31, 2010)	11,227,836	100.000%	11,227,836
Other debt			
Belmar Water - Sewer Authority and Beach Utility	3,613,834	100.000%	3,613,834
Monmouth County (as of December 31, 2011)	6,896,947	100.000%	6,896,947
Subtotal, overlapping debt			21,738,617
Borough of Belmar School District Direct Debt-December 31, 2011			<u>3,465,243</u>
Total direct and overlapping debt			<u>\$ 25,203,860</u>

Sources: Information obtained from Annual Debt Statement Borough of Belmar & Exhibit H11 from Borough of Belmar 2011 Financial Statement

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Belmar. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized valuation basis

2009	\$	1,028,244,600
2010	\$	1,031,877,748
2011	\$	1,032,207,200
[A]		\$ 3,092,329,548

[A/3]	\$	1,030,776,516
[B]	\$	30,923,285 ^a
[C]	\$	3,205,243
[B-C]	\$	27,718,052

Average equalized valuation of taxable property
Debt limit (3 % of average equalization
Net bonded school debt
Legal debt margin

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 20,866,276	\$ 24,018,741	\$ 29,808,990	\$ 36,984,281	\$ 32,247,770	\$ 31,411,920	\$ 30,227,953	\$ 30,517,545	\$ 30,787,279	\$ 30,923,285
Total net debt applicable to limit	1,210,617	1,120,780	4,889,583	4,790,955	4,595,656	4,388,768	4,174,612	3,958,267	3,958,267	3,205,243
Legal debt margin	\$ 19,655,659	\$ 22,897,961	\$ 24,920,407	\$ 32,173,326	\$ 27,651,914	\$ 27,023,152	\$ 26,053,341	\$ 26,559,278	\$ 26,829,012	\$ 27,718,052
Total net debt applicable to the limit as a percentage of debt limit	5.80%	4.67%	16.40%	12.96%	14.25%	13.97%	13.81%	12.97%	12.86%	10.37%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

^a Limit set by NUSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

Belmar Board of Education
Demographic and Economic Statistics
Last Ten Fiscal Years

EXHIBIT J-14

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2002	5,983	\$ 259,871,605	43,435	5.3%
2003	5,975	\$ 255,855,475	42,821	5.3%
2004	6,071	\$ 260,840,515	42,965	4.4%
2005	5,962	\$ 274,663,378	46,069	4.8%
2006	5,923	\$ 282,491,562	47,694	4.9%
2007	5,927	\$ 304,867,099	51,437	4.5%
2008	5,908	\$ 323,764,308	54,801	5.8%
2009	5,897	\$ 334,684,235	56,755	9.4%
2010	5,897	\$ 322,630,767	54,711	9.6%
2011	5,800	\$ 330,339,000	56,955	9.6%

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income__ Per Capita Income * Population

^c Per Capita_For Monmouth County

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

<http://www.wnjin.net/OneStopCareerCenter/LaborMarketInformation/lmi11/index.html>

<http://www.wnjin.net/OneStopCareerCenter/LaborMarketInformation/lmi02/mcd/monest06.htm>

Employer	2006		1997	
	Employees	Rank (Optional)	Percentage of Total Employment	Employees Rank (Optional) Percentage of Total Employment
	-		0.00%	- 0.00%

NO INFORMATION AVAILABLE

Source:

Belmar Board of Education
Full-time Equivalent District Employees by Function/Program,
Last Eight Fiscal Years

EXHIBIT J-16

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction								
Regular	40	41	41	39	40	40	39	39
Special education	7	7	7	10	11	10	10	10
Other special education	5	5	5	4	4	4	4	4
Vocational	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-
Support Services:								
Tuition	-	-	-	-	-	-	-	-
Student & instruction related services	9	11	11	13	15	15	15	15
General administrative services	4	2	2	2	2	2	2	2
School administrative services	3	3	3	3	3	3	3	3
Business administrative services	3	3	3	3	3	3	3	3
Plant operations and maintenance	4	4	3	3	2	1	1	1
Pupil transportation	2	2	-	-	-	-	-	-
Special Schools	-	-	-	-	-	-	-	-
Food Service	3	3	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-
Total	80	81	75	77	80	78	77	77

Source: District Personnel Records

Sources: District records, School Register Summary and Schedules J-2, J-16

- a Operating expenditures equal total expenditures less debt service, tuition & transportation paid of out of district students, and capital outlay; Schedule J-2
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Belmar Board of Education
School Building Information
Last Seven Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012
<u>District Building</u>								
<u>Belmar Elementary School</u>								
Square Feet	85,841	85,841	85,841	85,841	85,841	85,841	85,841	85,841
Capacity (students)	704	704	704	704	704	704	704	704
Enrollment	561	543	534	523	533	559	560	556
<u>Other</u>								
Administration Building								
Square Feet	3,600	3,600	3,600	8,000	3,600	3,600	3,600	3,600

Number of Schools at June 30, 2012 - 1

Source: District records, LRFP

BELMAR BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

School Facilities	Project # (s)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Belmar Elementary School	N/A	111,510	86,450	82,677	126,297	\$ 290,052	\$ 209,761	\$ 138,672	\$ 49,676	\$ 52,865	\$ 59,432
Total School Facilities		111,510	86,450	82,677	126,297	290,052	209,761	138,672	49,676	52,865	59,432

Source: School Records, Schedule M-1

BELMAR BOARD OF EDUCATION
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

Company	Type of Coverage	Coverage	Deductible
NJ School Boards Assoc Insurance Group (NSBAIG)	Property Blanket Building & Contents- Replacement Cost Values	\$ 18,570,148	\$ 2,500
NJ School Boards Assoc Insurance Group (NSBAIG)	Flood/Earthquake	50,000,000	10,000
Selective Insurance	Flood	10,000	1,000
NJ School Boards Assoc Insurance Group (NSBAIG)	Liability -Each Occurrence Employee Benefits Liability Terrorism -Personal Injury Automotive Coverage Electronic Data Processing Boiler & Machinery Crime	6,000,000 6,000,000 1,000,000 6,000,000 6,000,000 367,290 100,000,000 100,000	1,000 1,000 1,000 1,000 10,000 1,000 2,500 500
NJ School Boards Assoc Insurance Group (NSBAIG)	Board of Education -Liability Wrongful Acts Coverage Each Loss Aggregate	\$ 1,000,000 1,000,000	\$ 5,000 5,000
NJ School Boards Assoc Insurance Group (NSBAIG)	Worker's Compensation -Covered Payrolls-Professional -Covered Payrolls-Non-Professional	4,627,462 -	N/A N/A
Selective Insurance	Fidelity Bonds -Treasurer of School Monies -School Business Administrator/ Board Secretary	200,000 25,000	
Peoples Benefit Life	Student Accident Insurance for all students per occurrence	1,000,000	

SINGLE AUDIT SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
ROBERT A. HULSART, JR., C.P.A., P.S.A.

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

Telecopier:
(732) 280-8888

e-mail:
rah@monmouth.com

2807 Hurley Pond Road • Suite 100
P.O. Box 1409
Wall, New Jersey 07719-1409
(732) 681-4990

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS (NO MATERIAL
WEAKNESSES IDENTIFIED, NO SIGNIFICANT DEFICIENCIES IDENTIFIED,
NO REPORTABLE INSTANCES OF NONCOMPLIANCE OR
OTHER MATTERS IDENTIFIED

K-1

Honorable President and Members
of the Board of Education
Belmar School District
County of Monmouth
Belmar, New Jersey

We have audited the general-purpose financial statements of the Board of Education of the Belmar School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated October 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Belmar Board of Education is responsible for establishing and maintaining effective internal control over financial reporting.

In planning and performing our audit, we considered the Belmar Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Belmar Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Belmar Board of Education's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Belmar Board of Education's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of general-purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

This report is intended solely for the information and use of the audit committee, management, the Belmar Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robert A. Hulsart

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company

October 18, 2012

Robert A. Hulsart and Company
 CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
 ROBERT A. HULSART, JR., C.P.A., P.S.A.
 RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

Telecopier:
 (732) 280-8888
 e-mail:
 rah@monmouth.com

2807 Hurley Pond Road • Suite 100
 P.O. Box 1409
 Wall, New Jersey 07719-1409
 (732) 681-4990

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
 DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AN ON
 INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
 OMB CIRCULAR A-133 (UNQUALIFIED OPINION ON COMPLIANCE;
 NO MATERIAL WEAKENESSES OR SIGNIFICANT DEFICIENCIES IN
 INTERNAL CONTROL OVER COMPLIANCE IDENTIFIED)**

K-2

Honorable President and Members
 of the Board of Education
 Belmar School District
 County of Monmouth
 Belmar, New Jersey

Compliance

We have audited the Board of Education of the Belmar School District, in the County of Monmouth, State of New Jersey, with the types of compliance requirements described in the *(OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of Belmar Board of Educations major federal and state programs for the year ended June 30, 2012. Belmar Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Belmar Board of Education's management. Our responsibility is to express an opinion on the Belmar Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Belmar Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Belmar Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the Belmar School District, in the County of Monmouth, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the Board of Education of the Belmar School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Belmar Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Belmar Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, the Belmar Board of Education, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robert A. Hulsart

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company

October 18, 2012

BELMAR SCHOOL DISTRICT

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDING JUNE 30, 2012

Schedule A
K-3

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Grant Period	Program or Award Amount	Balance June 30, 2011	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Adjustment	(Accounts Receivable)	Balance at June 30, 2012 Deferred Revenue	Due to Grantor
General Fund:												
Education Jobs Fund	84.410A	8-10-10 to 9-30-12	\$ 41,799	\$ -		41,799	(41,799)					
Medical Assistance Program	93.778	9-1-11 to 8-31-12	20,190			14,093	(20,190)			(6,097)		
						55,892	(61,989)			(6,097)		
U.S. Department of Education:												
Passed Through State Department of Education:												
Title I Cluster:												
Title I	84.010	9-1-11 to 8-31-12	226,861			226,619	(226,619)					
Title I	84.010	9-1-10 to 8-31-11	226,451	(134,712)		134,712						
A.R.R.A. Title I	84.389	9-1-09 to 8-31-10	91,315	(13,080)		13,080						
Title II A	84.367A	9-1-11 to 8-31-12	47,717			43,128	(46,378)			(3,250)		
Title II A	84.367A	9-1-10 to 8-31-11	51,051	(25,479)		25,479						
Title III D	84.318	9-1-10 to 8-31-11	505	(505)		505						
Title III	84.365A	9-1-11 to 8-31-12	11,867			11,867	(11,867)					
Title III	84.365A	9-1-10 to 8-31-11	10,706	(4,649)		4,649						
Special Education Cluster:												
I.D.E.A. Basic	84.027	9-1-11 to 8-31-12	301,475			271,212	(271,212)					
I.D.E.A. Basic	84.027	9-1-10 to 8-31-11	297,982	(93,273)		164,047	(102,456)			(31,682)		
I.D.E.A. Preschool	84.173	9-1-09 to 8-31-10	8,271	(449)		449						
I.D.E.A. Preschool	84.173	9-1-11 to 8-31-12	8,792			8,792	(8,792)					
A.R.R.A. I.D.E.A. Basic	84.391	9-1-09 to 8-31-10	369,605	(66,606)		91,271	(24,665)					
A.R.R.A. I.D.E.A. Preschool	84.392	9-1-09 to 8-31-10	13,352	(4,313)		4,313						
				(343,066)	-	1,000,123	(691,989)	-	-	(34,932)	-	-
U.S. Department of Agriculture												
Passed Through State Department of Education:												
Child Nutrition Cluster:												
National School Lunch Program	10.555	7-1-10 to 6-30-11	122,257	(7,880)		7,880						
National School Lunch Program	10.555	7-1-11 to 6-30-12	124,608			118,272	(124,608)			(6,336)		
School Breakfast Program	10.553	7-1-10 to 6-30-11	15,373	(1,038)		1,038						
School Breakfast Program	10.553	7-1-11 to 6-30-12	18,214			14,792	(18,214)			(3,422)		
Food Distribution	10.550	7-1-11 to 6-30-12	13,934	(8,918)	-	13,934	(13,934)			(9,758)		-
						155,916	(156,756)	-	-			
Total U.S. Department of Agriculture				\$ (351,984)	-	1,211,931	(910,734)	-	-	(50,787)	-	-

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this statement.

BOARD OF EDUCATION

K-5

BELMAR SCHOOL DISTRICT**NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2012****NOTE 1: General**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Belmar School District. The Board of Education is defined in Note 1(A) to the Board's general-purpose financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of federal financial assistance.

NOTE 2: Basis of Accounting

The accompanying schedules of financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. Programs recorded in the food service fund include the National School Lunch Program, the School Breakfast Program, the U.S.D.A Commodities Program and the Special Milk Program. These bases of accounting are described in the Note 1(C) to the Board's general-purpose financial statements.

NOTE 3: Relationship to General Purpose Financial Statements

The general-purpose financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>State Assistance</u>				
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 1,316,081	524,353	3,319	1,843,753
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized				
On Behalf Payments Recognized for GAAP Statements but Not Included in the Schedule of Expenditures of State Financial Assistance	373,481			373,481
The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)	<u>(40,052)</u>	<u>18,344</u>	<u> </u>	<u>(21,708)</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 1,649,510</u>	<u>542,697</u>	<u>3,319</u>	<u>2,195,526</u>

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>Federal Assistance</u>				
Actual Amounts (Budgetary)				
“Revenues” from the Schedule of Expenditures of Federal Awards	\$ 61,989	691,989	156,756	910,734
Difference – Budget to “GAAP”				
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized	_____	<u>(7,642)</u>	_____	<u>(7,642)</u>
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances	<u>\$ 61,989</u>	<u>684,347</u>	<u>156,756</u>	<u>903,092</u>

NOTE 4: Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5: Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

BELMAR SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2012*Part 1 - Summary of Auditor's Results***Financial Statement Section**Unqualified

Type of auditor's report issued:

Internal control over financial reporting:

1) Material weakness(es) identified?

 Yes x No2) Reportable condition(s) identified that are
not considered to be material weaknesses? Yes x None ReportedNoncompliance material to general purpose financial
statements noted? Yes x No**Federal Awards**

Internal control over compliance:

1) Material weakness(es) identified?

 Yes x No2) Reportable condition(s) identified that are
not considered to be material weaknesses? Yes x None Reported

Type of auditor's report issued on compliance for major programs:

UnqualifiedAny audit findings disclosed that are required to be reported
in accordance with section .510(a) of Circular A-133? Yes x No

Identification of major programs:

CFDA Number(s)**Name of Federal Program or Cluster**Special Education Cluster:84.027IDEA Basic84.173IDEA Preschool84.391ARRA IDEA Basic

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

 x Yes No

BELMAR SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2012***Part 1 - Summary of Auditor's Results (Continued)*****State Awards**Dollar threshold used to distinguish between type A and type B programs: \$300,000.00Auditee qualified as low-risk auditee? x Yes NoType of auditor's report issued on compliance for major programs: N/A

Internal Control over major programs:

(1) Material Weakness(es) identified? Yes x No(2) Reportable condition(s) identified that are
not considered to material weaknesses? Yes x None ReportedAny audit findings disclosed that are required to be reported
in accordance with N.J. OMB's Circular 04-04? Yes x No

Identification of major programs:

GMIS Number(s)12-495-034-5120-01112-495-034-5120-08412-495-034-5120-085**Name of State Program**Special Education AidSecurity AidAdjustment Aid

BELMAR SCHOOL DISTRICTSCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2012*Part 2 - Financial Statement Findings*

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the general purpose financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's Response: N/A

BELMAR SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2012***Part 3 - Federal Awards and State Financial Assistance Findings and Questioned Costs***

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular Letter 04-04.

FEDERAL AWARDS

Finding: NONE

Information on the Federal Program: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's response: N/A

STATE AWARDS

Finding: NONE

Information on the State Program: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

BELMAR SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2012*Part 3 - Federal Awards and State Financial Assistance Findings and Questioned Costs (Continued)***STATE AWARDS (Continued)**Cause: N/ARecommendation: N/AManagement's response: N/A

BELMAR SCHOOL DISTRICT

109.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

K-7

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Prior Audit Findings:

None